

# CITY OF PHILADELPHIA FISCAL YEAR 2007 ANNUAL DISPARITY STUDY

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## EXECUTIVE SUMMARY

The Econsult team is pleased to submit the Annual Disparity Study for Fiscal Year (FY) 2007 to the City of Philadelphia. Pursuant to Title 17 of the Philadelphia Code, as amended by Ordinance 060855-A, this study is designed to analyze the City of Philadelphia's utilization of Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs), and Disabled Business Enterprises (DSBEs), collectively known as Disadvantaged Business Enterprises (DBEs), relative to the availability of such firms to compete for City business.

By doing so, it will determine the extent to which disparity exists, as well as provide critical data in the development and formulation of the Finance Director's Annual Participation Goals. This is an important component of what should be an overall strategy to safeguard the public interest in identifying and rectifying instances of discrimination, and proactively seeking ways to promote the inclusive participation of DBEs in economic opportunities.

**Disparity reflects the ratio of DBE utilization to DBE availability.** For the purposes of this study, "utilization" for each category and industry sector is defined as the total dollar value of contracts awarded to for-profit DBE prime contractors and sub-contractors certified by the City of Philadelphia's Minority Business Enterprise Council (MBEC), divided by the dollar value of all City contracts awarded to for-profit prime contractors and sub-contractors, as recorded in MBEC's Participation Report. "Availability" for each category and industry is defined as the proportion of "ready, willing and able" (RWA) DBEs in the Philadelphia Metropolitan Statistical Area (MSA), relative to the region's total number of RWA enterprises. A disparity ratio greater than 1.0 represents over-utilization, whereas a disparity ratio less than 1.0 represents under-utilization (see Figure ES.1).

**Figure ES.1 – Composition of Disparity Ratio**

<i>Utilization</i>		<i>Availability</i>
\$ value of City contracts awarded to DBE prime contractors and sub-contractors	divided	DBE for-profit firms that are "ready, willing, and able"
Total \$ value of City contracts awarded to all for-profit prime contractors and sub-contractors	by	All for-profit firms that are "ready, willing, and able"

*Source: Econsult Corporation (2007)*

Producers of disparity studies encounter little if any difficulty about either the approach to determining the utilization rate or the availability of relevant data with which to calculate the utilization rate. In contrast, the

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availability rate is subject to interpretation and to data limitations. Legal precedent defines the universe of relevant firms as those that are “ready, willing, and able” (RWA). One can define this universe of RWA firms to varying degrees of strictness.

In the narrowest sense, that universe can be considered to comprise only those firms that have demonstrated RWA by actually registering or certifying to do business with the City. However, there are certainly firms that are ready, willing, and able to do business with the City, both DBE and non-DBE, who for a variety of reasons have not or have not yet registered with the City. Considering only registered firms, then, would under-count both the DBE amount and the non-DBE amount, with a possible skewing on the availability rate depending on whether DBEs were more or less likely than non-DBEs to choose not to register.

Using a broader definition of RWA, we could utilize the 2002 US Census Bureau Survey of Business Owners, which gives us a sense of the number of all firms in a geographic location and under a particular industry. However, we now have the opposite problem as with the narrower definition of RWA; instead of potentially under-counting our universe, we are now susceptible of over-counting it, since there are certainly firms that, while in existence and generating positive revenues, for whatever reason are not in fact ready, willing, or able to do business with the City. They should therefore not be counted in the availability rate.

We have pursued both a “broad” and “narrow” approach, and calculated availability rates for both approaches. Similarly, we have considered both an approach that looks solely at the City of Philadelphia, versus one that considers the Philadelphia MSA. In this way, we can determine the differences in disparity ratios using the different approaches, and comment based on the actual results as to which approach is preferable as well as what we learn from the differences in results.

We can also offer ranges in our **recommended participation goals for MBEs, WBEs, and DSBEs** (see Figure ES.X). In cases where actual utilization is less than actual availability (i.e. the disparity ratio is less than 1.0), we recommend that future utilization rates increase to current availability rates as measured in this analysis. We further suggest that departments that have under-achieved this area be identified and strongly encouraged to increase their DBE participation in the upcoming year.

Conversely, in cases where actual utilization is greater than actual availability (i.e. the disparity ratio is greater than 1.0), we recommend that future utilization rates hold at current utilization rates. We further suggest that, since the issue in these cases is not low utilization rates but low availability rates, the City work with other public and private technical assistance providers to help grow more ready, willing, and able DBE firms in the City.

Thus, the ranges suggested as participation goals can be offered as benchmark utilization rates that should be reached in FY08, with a prefix of “U” signifying cases in which DBE utilization is currently greater than DBE availability, and a prefix of “A” signifying cases in which DBE utilization is currently lower than DBE availability. These ranges acknowledge the imprecise nature of the data availability and overall approach inherent in disparity studies, and provide a citywide framework for the Finance Director’s development of department-by-department participation goals.

**Figure ES.2 - Recommended 2008 Participation Goals**

“U” = 2007 Utilization Rate > 2007 Availability Rate (i.e. disparity ratio > 1.0)

“U/A” = 2007 Utilization Rate = 2007 Availability Rate (i.e. disparity ratio = 1.0)

“A” = 2007 Availability Rate > 2007 Utilization Rate (i.e. disparity ratio < 1.0)

PW = Public Works Contracts

PPS = Personal and Professional Services Contracts

SSE = Services, Supplies, and Equipment Contracts

All = All Contract Types

Category	PW	PPS	SSE	All
MBE	A: 7-10%	A: 19-22%	U/A: 10%	A:13-16%
WBE	A: 9-12%	U: 17-20%	U:14-17%	U:15-18%
DSBE	X	X	X	X
All DBE*	A: 13-16%	U: 25-28%	U:25-28%	U:25-28%

Source: Econsult Corporation (2008)

\* Note: Figures in this row are not necessarily the sum of the above three rows because of businesses that belong to more than one category. “X” denotes data unavailable or insufficient.

It is important to note that a disparity ratio is merely one tool for identifying any differences between utilization rates and availability rates. It is certainly a useful measure in cases in which current utilization rates trail current availability rates, and pushing for higher future utilization rates is equivalent to promoting greater DBE participation in the economic opportunities represented by City contracts.

However, in cases in which availability rates are unusually low, a disparity ratio will not adequately pick up on the problem at hand; in fact, because of the way a disparity ratio is defined, an unusually low availability rate will usually lead to a disparity ratio of over 1.0. This otherwise positive score masks the fact that what needs to happen to promote greater DBE participation in economic success is not simply to rectify inadequate utilization of DBEs in City contracts, but also to address an inadequate quality and quantity (i.e. availability) of DBE firms.

Again, this qualification applies only to situations in which availability rates are unusually low; of course, where availability rates are relatively reasonable, a disparity ratio of over 1.0 is a very positive outcome, for

it means that DBE utilization rates exceed DBE availability rates. Furthermore, even in cases in which availability rates are unusually low, leading to somewhat misleading high disparity ratios, this is still a very positive outcome in one sense, for it means that despite the relative lack of ready, willing, and able DBEs, City agencies were able to utilize DBE firms at significant rates. Nevertheless, in seeking to advocate for utilization rates to be as high as or higher than availability rates, it is equally important to advocate for availability rates to be higher as well.

Accordingly, in addition to the participation goal ranges, we offer recommendations in the following categories (see Figure ES.3). Ultimately, achievement of participation goals and other objectives related to DBEs requires government-wide action. Top leadership and policymakers must express in word and deed their commitment to DBEs, and departments and agencies must share with the Finance Director and with MBEC the burden of identifying past areas of insufficient DBE participation and of pushing for greater future DBE participation.

**Figure ES.3 – Summary of Recommendations**

<i>Recommendation Category</i>	<i>Purpose of Recommendations</i>	<i>Recommended Actions</i>
Study Methodology and Scope	To determine ways future studies can be scoped so as to more directly address the larger and more important considerations of Disadvantaged Business Enterprise (DBE) participation in the broader economy	<ul style="list-style-type: none"> <li>• Consider quasi-public entities, large local authorities, state and federal contracts, sub-contractors under non-profit prime contractors, and large non-public sector entities</li> <li>• Obtain more data on “certifiable” firms</li> <li>• Look at actual disbursements to sub-contractors</li> <li>• Look at percentages of ownership, workforce composition, and relative profit margins</li> <li>• Incorporate qualitative perspective via interviews of DBEs</li> <li>• Incorporate an ongoing “best practices” research component</li> </ul>

<i>Recommendation Category</i>	<i>Purpose of Recommendations</i>	<i>Recommended Actions</i>
Policy and Programming	To encourage initiatives that can help remedy some of the shortcomings identified in the results in terms of DBE participation in City contracts	<ul style="list-style-type: none"> <li>• Streamline certification and contract processes</li> <li>• Create value for MBEC-certified firms</li> <li>• Redouble strategic outreach efforts in key industry groups</li> <li>• Empower MBEC to follow through in instances of potential discrimination</li> </ul>
Data Collection	To provide guidance concerning the data collection process that precedes the Disparity Study	<ul style="list-style-type: none"> <li>• Centralize and automate processes via information technology systems</li> <li>• Build redundancy into the process to avoid bottlenecks and provide necessary checks and balances</li> </ul>
Goal-Setting	To provide guidance concerning the data collection process that precedes the Disparity Study	<ul style="list-style-type: none"> <li>• Be mindful to not codify too much structure into the goal setting process</li> <li>• Have separate game plans for cases where utilization exceeds availability versus where availability exceeds utilization</li> </ul>

*Source: Econsult Corporation (2008)*

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## 1.0 INTRODUCTION

Econsult Corporation is pleased to submit the Annual Disparity Study for Fiscal Year (FY) 2007 to the City of Philadelphia. Set forth in this section is a brief discussion of the purpose and legal basis of this study, a broad overview of the legal context in which the establishment of Disadvantaged Business Enterprises (DBEs) programs arose, a contextual summary of the procurement process, the expenditure context, and a brief summary of the previous disparity studies conducted by DJ Miller & Associates (DJMA) (for FY 1998-2003) and Econsult (for FY 2006).

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## 1.1. Study Purpose

Pursuant to Title 17 of the Philadelphia Code, as amended by Ordinance 060855-A, this study is designed to analyze the City of Philadelphia's utilization of Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs), and Disabled Business Enterprises (DSBEs), collectively known as Disadvantaged Business Enterprises (DBEs), relative to the availability of firms to compete for City business.

By doing so, it will determine the extent to which disparity exists, as well as provide critical data in the development and formulation of the Finance Director's Annual Participation Goals. This is an important component of what should be an overall strategy to safeguard the public interest in identifying and rectifying instances of discrimination, and proactively seeking ways to promote the inclusive participation of DBEs in economic opportunities.<sup>1</sup>

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<sup>1</sup> It is important to distinguish between disparity and discrimination, and to note that the scope of this report is to determine the existence of the former and not the latter. Disparity is the difference between two groups on an outcome of interest and is a necessary, but insufficient condition for finding discrimination. In other words, disparity does not necessarily equal discrimination; discrimination requires additional analysis and proof. Based on a 2007 interview with Dr. Bernard Anderson, Whitney M. Young Jr. Professor of Management at the Wharton School of Business at the University of Pennsylvania.

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## 1.2 Study Requirements

Ordinance 060855-A requires that an annual disparity study is produced, from which annual participation goals can be set, pursuant to Section 6-109 of the City of Philadelphia's Home Rule Charter. Per the ordinance, this study must distinguish between Personal and Professional Services contracts, Public Works contracts, and Services, Supplies and Equipment contracts. In addition, this study is required to analyze Disadvantaged Business Enterprises (DBEs) owned by persons within the following categories:

- African Americans
- Hispanics
- Asian Americans
- Native Americans
- Women
- Disabled

**“Disparity”** reflects the ratio of DBE utilization to DBE availability. For the purposes of this report, **“utilization”** for each DBE category and contract type is defined as the total dollar value of contracts awarded to for-profit DBE prime contractors and sub-contractors certified by the City of Philadelphia's Minority Business Enterprise Council (MBEC), divided by the dollar value of all City contracts awarded to all for-profit prime contractors and sub-contractors, as recorded in MBEC's annual Participation Report. To put it another way, the utilization rate for a given DBE category can be viewed as the percentage of dollars from all City contracts that went to businesses that have been certified by MBEC as being in that category.

Conversely, **“availability”** for each DBE category and contract type is defined as the proportion of “ready, willing and able” (RWA) DBEs located within a particular geography, relative to the total number of RWA enterprises within that same geography. Thus, the availability rate for a given DBE category can be viewed as the percentage of businesses in a particular geography that belong to a DBE category.

The disparity ratio, then, is the utilization rate divided by the availability rate. A disparity ratio that is greater than 1.0 represents over-utilization, whereas a disparity ratio less than 1.0 represents under-utilization.

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### 1.3 Legal Context

In presenting the Study's findings as well as recommendations, it is important to understand the legal context of Disadvantaged Business Enterprise (DBE) disparity, and the extent to which legal doctrine has shaped the development of programs for Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs), and Disabled Business Enterprises (DSBEs). The "*Croson*" case is universally recognized as the catalyst for the subsequent emergence of standards with respect to race-based municipal programs.

In *Richmond v. J.A. Croson Company*, 488 U.S. 469 (1989), the Appellant, the City of Richmond, had issued an invitation to bid on a project for the provision and installation of plumbing fixtures at the City's jail. The bid, consistent with the guidelines adopted by the City's Minority Business Utilization Plan, required prime contractors to subcontract 30 percent of the dollar value to minority business enterprises. In large part, the Plan was established as a response to the fact that, though 50 percent of the City's population was African American, less than one percent of construction contracts were awarded to minority business enterprises.

The Supreme Court found the City's reliance on the disparity between the number of prime contracts awarded to Minority Business Enterprises and the City's minority population "misplaced," specifically noting that the City did not ascertain the number of MBEs available in the local construction market, and as a result failed to identify the need for remedial action. In establishing discriminatory exclusion, the Court set the test as follows:

*Where there is a statistical disparity between the number of qualified minority contractors willing and able to perform a particular service and the number of contractors actually engaged by the locality or the locality's prime contractors, an inference of discriminatory exclusion could arise.<sup>2</sup>*

With this case, the Supreme Court clearly defined the parameters under which race-based programs will stand: namely that they meet a compelling government interest, are narrowly tailored to remedy the effects of prior discrimination,<sup>3</sup> and define an availability rate that utilizes the notion of "ready, willing and able" (RWA) firms.

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<sup>2</sup> *Richmond v. J.A. Croson Company* (1989).

<sup>3</sup> "Narrowly tailored" was explicitly defined in the *Croson* case to mean that the program should: 1) be instituted either after or in conjunction with race-neutral means of increasing minority business participation, 2) the program should not make use of strict numerical quotas, and 3) the program should be limited to the boundaries of the governmental entity that instituted it.

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## 1.4 Procurement Context

In furtherance of its policy to foster an environment of inclusion, the City of Philadelphia's Minority Business Enterprise Council (MBEC) was established in 1982 to ensure that minority, women and disabled enterprises are afforded equal access and opportunity to not only compete for but also secure contracts within the City.

Within the City of Philadelphia, the Procurement Department is the central purchasing agency. Its stated objective is to acquire services, equipment, and construction at the lowest possible price within an equitable competitive bidding framework.

Public Works (PW) bids and all competitive bids for Services, Supplies and Equipment (SSE) in excess of \$25,000 are advertised locally for a specified date. Conversely, for Small Order Purchases, the process is decentralized and driven by local individual operating departments. Specifically, for purchases greater than \$500 but less than \$25,000, departments are urged to solicit from firms certified by MBEC and by the US Small Business Administration (SBA).

Within the Public Works (PW) sector, critical components of responsiveness include:

- For all bids exceeding \$25,000, a bid surety that guarantees a vendor's commitment to hold the price, terms and conditions firm or incur liability for losses suffered by the City
- For all Public Works (PW) contracts in excess of \$5,000, contractors are required to furnish a performance as well as payment bond equivalent to 100 percent of the contract amount

The City attempts to process payments within a timely fashion, generally within 45 to 60 days following the acceptance of goods and services. Under the MBEC anti-discrimination policy, Disadvantaged Business Enterprises (DBEs) must be paid within a timely fashion, with "timely" being defined as no later than five (5) days after the contractor receives payment.

As for Personal and Professional Services (PPS) contract opportunities, in February 2006, the City implemented an automated Request for Proposal (RFP) process called "eContractPhilly." eContractPhilly is an online interface that manages the non-competitively bid contracting process electronically. Under the program, vendors register to create a Vendor Record and submit applications online for non-competitively bid opportunities, which are posted for a period of 15 days. The system's features are comprehensive and allow vendors to:

- Search new non-competitively bid contract opportunities
- View the names of all applicants for each advertised opportunity
- Research awarded contracts
- View renewal certifications for contracts

- Access reports that summarize non-bid contract activity

Though MBEC is the central gateway for certified firms, it nevertheless maintains a highly collaborative relationship with the Managing Director, as well as the Procurement office, in order to implement its mandate. MBEC itself is under the Finance Director's supervision.

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## 1.5 Expenditure Context

It is important to define the universe of expenditures that is being analyzed in this disparity study, in terms of distribution of economic opportunity to various Disadvantaged Business Enterprise (DBE) categories. The Fiscal Year (FY) 2007 budget for the City of Philadelphia, which includes both capital and operating expenditures, totals \$6.7 billion. However, only \$752 million, or 11 percent, are directly analyzed in this report. That \$752 million represents bid and non-competitively bid contracts and requests for proposals; while the remainder that is not included in this report include items that cannot as easily be discussed in the context of utilization and availability, salaries and benefits being the major categories. Effectively, the expenditures evaluated in this report represent what is under executive control from a procurement standpoint, and as such the results are one indication of the performance of the Mayor and his or her administration.

There are a number of other public and quasi-public agencies that intersect with the City, which represent additional opportunities for DBE participation but which are not included in this report's main calculations on the participation of DBE firms in contracts awarded to for-profit prime contractors and sub-contractors. Some of these other agencies report their Minority Business Enterprise (MBE) and/or Women Business Enterprise (WBE) utilization directly to the City of Philadelphia's Minority Business Enterprise Council (MBEC) and are therefore listed in MBEC's annual Participation Report; these represented an additional combined \$141 million in contracts in FY 2007 (see Figure 1.1).

**Figure 1.1 – FY 2007 MBE/WBE Utilization for Selected Quasi-Governmental Agencies and Functions**

Entity	Time Period	FY 2007			FY 2006		
		All \$ Contracts	MBE%	WBE%	All \$ Contracts	MBE%	WBE%
Bond Issue Fees	7/1-6/30	\$4.9M	13.7%		\$2.7M	18.8%	
NTI	7/1-2/28	N/A	N/A	N/A	\$7.7M	22.0%	16.2%
Pensions Inv Fees	7/1-6/30	\$15.9M	9.5%	5.8%	\$16.2M	0.0%	0.0%
Pensions Priv Eq	7/1-6/30	\$6.0M	16.0%	4.5%	\$6.2M	0.0%	0.0%
PHA	10/1-9/30	N/A	N/A	N/A	\$82.5M	34.3%	13.2%
PHDC	7/1-6/30	\$19.1M	17.8%		\$21.7M	41.7%	7.5%
PIDC	7/1-6/30	\$9.1M	22.0%	13.1%	\$5.4M	21.7%	19.0%
PWDC	7/1-6/30	N/A	N/A	N/A	\$116.5M	5.8%	0.9%
RDA	7/1-6/30	\$81.3M	24.0%		\$143.4M	19.5%	6.6%
RiskMgmt	7/1-6/30	\$5.3M	42.2%	20.0%	\$6.4M	33.0%	13.9%
<b>Total</b>		<b>\$141.6M</b>	<b>23.8%</b>		<b>\$408.7M</b>	<b>25.4%</b>	

*Source: MBEC Annual Participation Report (FY 2006, FY 2007)*

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Others, like the Southeastern Pennsylvania Transportation Authority or the School District of Philadelphia, have their own DBE programs and are not included here, although people often lump them together with the City when they consider local public sector procurement opportunities. Still others, most notably the Department of Human Services, contract work out to non-profit prime contractors, who then enlist the services of for-profit and non-profit subcontractors, and because the study's parameters only consider for-profit prime contractors, these procurement opportunities are also excluded for direct analysis.

Thus, one significant shortcoming in regard to the focus of our study and of previous studies is that it only analyzes a **subset of all local public expenditures**: that which is under mayoral control.<sup>4</sup> DBE firms and their advocates understandably consider all public sector expenditures equally when it comes to business opportunities. Most do not make the narrow, legal distinctions among government departments and quasi-government agencies which are under various degrees of authority by the Mayor and City Council, and which keep differing levels of contract-by-contract data on DBE participation.

In summary, although this report is necessarily focused on mayoral departments, it is worth noting that there are other public sector dollars being spent that can also be accounted for from the standpoint of DBE participation. When considering the analysis contained within this report and others like it, it is important to be aware of these limitations, and to appreciate the larger scope of government expenditures that is not included in this analysis, to say nothing of the much larger universe of private sector contract opportunities in the local economy.

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<sup>4</sup> These limitations also make disparity comparisons across cities difficult, since mayoral control over various local government functions is not uniform across cities.

## 1.6 Summary of Previous Studies

As noted earlier, DJ Miller & Associates (DJMA) conducted a disparity study for the City of Philadelphia in which it analyzed data from 1998 to 2003; while Econsult Corporation conducted the next disparity study, looking at 2006 data. It is important to note three important differences between the DJMA report and the Econsult report:

- In calculating availability using US Census datasets, DJMA used 1997 data while Econsult had access to 2002 data.
- Where available, we presented data to a finer level of detail, in terms of specific Disadvantaged Business Enterprise (DBE) categories, the geographic distribution of DBE utilization and availability, and department by department performance.
- The DJMA study was used to satisfy the standards established in the *Croson* case, whereas our report was more designed to address issues of performance.

Nevertheless, despite these differences, it is instructive to compare results from these two reports. Doing so provides some sense of DBE utilization during the time periods of the two reports. We note, for example, the impressive increase in both Minority Business Enterprise (MBE) and Women Business Enterprise (WBE) utilization between the 1998-2003 time period and Fiscal Year (FY) 2006 (see Figure 1.2).

Figure 1.2 – FY 1998-2003 vs. FY 2006 MBE/WBE Utilization for City of Philadelphia

Category	1998-2003 \$M	1998-2003 %	2006 \$M	2006 %
MBE	\$46.8M	2.3%	\$64.1M	11.9%
WBE	\$44.8M	2.2%	\$33.4M	6.2%

Source: DJ Miller & Associates (2004), Econsult Corporation (2007)

The FY 2007 report retains much of the methodological approaches of the FY 2006 report. As is further elaborated in subsequent sections, we consider three additional wrinkles to this report, which help contribute to a fuller picture of DBE participation in City contracts:

- We show DBE utilization by department.
- We explore the presence of “certifiables” – firms owned by minorities, women, and/or disabled that are not MBEC-certified but that City departments have deemed “certifiable” based on their own assessment.

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- We incorporate availability data from the Philadelphia District Office of the US Small Business Administration (SBA), which, when combined with utilization data that is sized to the City level, now allows us to calculate disparity at two geographical levels: the utilization of DBE firms located in the City of Philadelphia versus the availability of DBE firms located in the City of Philadelphia, and the utilization of DBE firms located in the Philadelphia Metropolitan Statistical Area (MSA) versus the availability of DBE firms located in the Philadelphia MSA.

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## 1.7 Report Overview

In Section 2, we describe the approach used to measure the levels of utilization and availability of the various Disadvantaged Business Enterprise (DBE) categories under consideration. We will also briefly discuss how our **methodology** both builds on and differs from that used by DJ Miller & Associates (DJMA) in the Fiscal Year (FY) 1998-2003 study, and what changes have been made from the methodology employed in our FY 2006 study.

In Section 3, we provide a detailed analysis of the **utilization** and **availability** rates we calculated, as well as the **disparity ratios** for the DBE categories under consideration. Our analysis is broken down by DBE category, as well as geographic location, in order to give a full picture of DBE participation in the City of Philadelphia and in the Philadelphia Metropolitan Statistical Area (MSA).

Section 4 provides **participation goals** for FY 2008 based on the disparity ratios calculated from the FY 2007 data. These goals are created in reference to the three major DBE categories, namely Minority Business Enterprises (MBE), Women Business Enterprises (WBE) and Disabled Business Enterprises (DSBE).

In Section 5, we offer the following four sets of **recommendations**: 1) study methodology and scope, 2) policy and programming, 3) data collection, and 4) goal-setting. In these recommendations, we build from previous suggestions from past reports, enhanced by additional research and adjusted based on any new initiatives and directions by the City since those past reports were produced.

## 2.0 METHODOLOGY

In determining our methodology for this study, we first examined the methodology utilized by DJ Miller & Associates (DJMA) in their initial 1998-2003 Disparity Study.<sup>5</sup> We also examined methodologies developed by other consulting firms for other disparity studies. Finally, we revisited the methodology employed in our 2006 study, to determine where amendments can be made for this year’s report.

This section describes the methods we use to determine and compare the level of actual and expected utilization of the required Disadvantaged Business Enterprises (DBE) categories for the stated contract types.<sup>6</sup> Specifically, we are interested in calculating the disparity ratio for the following DBE categories and City of Philadelphia contract types, per the City ordinance, the Mayor’s Executive Order, and the annual Participation Report of the City of Philadelphia’s Minority Business Enterprise Council (MBEC) (see Figure 2.X):

Figure 2.1 – DBE Categories and City Contract Types of Interest

DBE Categories		City Contract Types
<ul style="list-style-type: none"> <li>• Native American males</li> <li>• Asian American males</li> <li>• African American males</li> <li>• Hispanic males</li> <li>• Disabled</li> </ul>	<ul style="list-style-type: none"> <li>• Native American females</li> <li>• Asian American females</li> <li>• African American females</li> <li>• Hispanic females</li> <li>• Caucasian females</li> </ul>	<ul style="list-style-type: none"> <li>• Public Works (PW)</li> <li>• Personal and Professional Services &gt;\$25K (PPS)</li> <li>• Services, Supplies, and Equipment &gt;\$25K (SSE)</li> </ul>

Source: City of Philadelphia (2007)

<sup>5</sup> Because DJMA discussed various interpretations of the requirements of the US Supreme Court’s *Crosan* decision (as well as subsequent court rulings) with respect to defining what a disparity study should actually measure and examine, we will not go into further legal context description beyond what is discussed in Section 1.3.

<sup>6</sup> See Appendix A for more information on our specific methodology in obtaining, filtering, and organizing data from these sources, and Appendix B for the FY 2007 Disparity Study dataset and related files.

## 2.1 Disparity

We define our disparity ratio in the following way: **utilization rate divided by availability rate**. The utilization rate is defined as the total dollar value of contracts awarded to for-profit Disadvantaged Business Enterprises (DBE) certified by the City of Philadelphia’s Minority Business Enterprise Council (MBEC), divided by the dollar value of all City contracts awarded to all for-profit entities. In a similar fashion, the availability rate is defined as the proportion of “ready, willing and able” (RWA) DBEs in the City of Philadelphia, or alternatively, the Philadelphia Metropolitan Statistical Area (MSA),<sup>7</sup> relative to the City or MSA’s total number of RWA enterprises.

In other words, we compare the actual utilization of DBE firms, in the form of contract awards, with an expected utilization of DBE firms, based on the availability of RWA DBE firms. Thus, a disparity ratio of less than 1.0 would be considered under-utilization, and a ratio of greater than 1.0 would be considered over-utilization. These utilization rates, availability rates, and disparity ratios can be further sub-divided by DBE category (Minority Business Enterprises (MBE), and specific racial and ethnic groups within, as well as Women Business Enterprises (WBE) and Disabled Business Enterprises (DSBE)) and contract type (Public Works (PW), Personal and Professional Services (PPS), and Services, Supplies, and Equipment (SSE)).

Both the numerator and denominator in the disparity ratio are themselves fractions. “Utilization” is defined as the dollar amount of contracts awarded in a given contract type and DBE category, divided by the total dollar amount of contracts awarded in that given contract type. “Availability” is defined as the number of “ready, willing, and able” firms in a given contract type and DBE category, divided by the total number of “ready, willing, and able” firms in that given contract type (see Figure 2.X).

Figure 2.2 – Disparity Ratio

<i>Utilization</i>		<i>Availability</i>
\$ value of City contracts awarded to DBE prime contractors and sub-contractors		DBE for-profit firms that are “ready, willing, and able”
	<i>divided</i>	
Total \$ value of City contracts awarded to all for-profit prime contractors and sub-contractors	<i>by</i>	All for-profit firms that are “ready, willing, and able”

*Source: Econsult Corporation (2007)*

<sup>7</sup> The Philadelphia MSA is an 11-county region is the modern equivalent of the now-defunct 9-county Primary Metropolitan Statistical Area (PMSA) used in the DJMA report. The counties included in the Philadelphia MSA are Burlington (NJ), Gloucester (NJ), Chester (PA), Montgomery (PA), New Castle (DE), Salem (NJ), Camden (NJ), Bucks (PA), Delaware (PA), Philadelphia (PA), and Cecil (MD).

For the purposes of this report, we are interested exclusively in FY 2007 data. Where data constraints result in missing, insufficient or ambiguous figures we do not include these figures, but instead show an “X.” Therefore, all figures shown are statistically significant.<sup>8</sup>

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<sup>8</sup> See Appendix E for detailed charts displaying FY 2007 disparity data.

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## 2.2 Utilization

Utilization refers to **the participation of firms in various Disadvantaged Business Enterprise (DBE) categories, as a percentage of all contracts awarded.** In determining utilization rates, we used raw data from the FY 2007 Participation Report of the City of Philadelphia's Minority Business Enterprise Council (MBEC). This data, in addition to summarizing participation by various DBE categories and in various City contract types, also lists all contracts awarded, including cases in which the prime contractor and/or one or more sub-contractors was a MBEC-certified DBE.

Given this data set, we were able to verify and reproduce the summary figures in MBEC's Participation Report.<sup>9</sup> Also, given access to MBEC's Vendor List, we were further able to identify the proportion of City contracts awarded to DBEs that are headquartered within the City of Philadelphia, as well as those that are headquartered within the Philadelphia Metropolitan Statistical Area (MSA).<sup>10</sup>

Importantly, the MBEC-certified list we use in determining which contract dollars were awarded to MBEC-certified firms is from Spring 2007. Technically, that list represents a specific point in time, while in reality the MBEC-certified list is ever-changing, as DBE firms are added and removed. What truly matters in terms of DBE participation is whether a prime contractor or sub-contractor was MBEC-certified at the time of the contract, rather than at the end of the fiscal year. However, a list at a specific point in time, in this case the end of the fiscal year which the study is covering, is a close enough approximation.

In approaching the utilization rate in this manner, we acknowledge the following challenges in understanding the true utilization of DBE firms in the awarding of City contracts:

- There are an unknown amount of City contracts that are awarded to firms that would qualify under one or more DBE classifications, but who have not or not yet been certified by MBEC. We cannot precisely estimate what that amount is because the reason for MBEC certification is to verify the authenticity of a firm's qualification as a DBE. A "certifiable" firm, in other words, might prove to not actually qualify as a DBE. Nevertheless, we recognize that there may be some amount of City contracts that are awarded to firms that should be considered DBEs, but for whatever reason have not or not yet certified with MBEC. Not including the participation of these certifiable firms would mean that our calculated utilization rates are artificially low.<sup>11</sup>

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<sup>9</sup> Please see Appendix A for more information on our specific methodology in obtaining, filtering, and organizing data from these sources, and Appendix B for a catalog of the FY 2007 Disparity Study dataset and related files produced for this analysis.

<sup>10</sup> Any firms with addresses outside the Philadelphia MSA or with no addresses were assumed to be located outside the Philadelphia MSA but within the US.

<sup>11</sup> To get a sense of the scale of this discrepancy, in the next chapter we look at a selected subset of City departments that self-reported their utilization of "certifiables," or minority-, women-, and/or disabled-owned firms that are not or not yet certified with MBEC. To the extent that any of these "certifiables" received contracts in FY 2007, a utilization figure that looked solely at MBEC-certified DBEs would not totally represent the participation of minority-, women-, and/or disabled-owned firms in City contracts.

Future reports may attempt to capture information on "certifiable" firms to portray the difference in DBE utilization between those firms that are MBEC-certified and those that are not certified but are in fact owned by minorities, women, and/or the disabled.

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- The universe of contracts we have studied only includes departments that fall within MBEC's annual Participation Report. Therefore, there are a large amount of contracts that represent local public sector procurement opportunities but that are not included in this analysis: quasi-public agencies, large local public entities like the School District of Philadelphia, and for-profit and non-profit sub-contractors to non-profit prime contractors. If thinking even more broadly about large procurement opportunities available to DBE firms, one would also need to mention state and federal contracts, as well as the purchasing dollars of large non-public entities like universities and multinational corporations. The scope of our study is necessarily circumscribed to the procurement activity of the departments covered in MBEC's Participation Report, and thus only covers a small slice of the overall economic picture in terms of procurement opportunities for DBE firms.
  - We are exclusively interested in the dollar amount of contracts awarded by category and contract type. We are therefore not commenting on the actual amounts earned and received, which in the case of sub-contractors, could deviate substantially from the initial award amounts. On one level, this is acceptable, as it is the initial award that represents a decision within the City's ability to influence. On another level, however, it may not tell the whole story of DBE participation in the economic opportunities generated by City procurement activity.
  - Utilization is typically measured in a very similar manner across various disparity studies. In the DJ Miller & Associates (DJMA) report, utilization was measured in three ways with data from the following sources: contracts awarded, purchase orders made, and actual payments received. All of these measures are limited in one form or another. Thus, DJMA concluded that it was necessary to include them all in order to provide an overall picture of the true utilization rates. This is similar to our method of measuring utilization, with a few exceptions. Our analysis focused primarily on contracts awarded. Additionally, we made a special effort to include the geographic location of the various firms in our analysis and, where possible, provided separate utilization rates for firms headquartered directly in the City of Philadelphia as opposed to those located in the Philadelphia MSA.

There is no one standardized way to conduct a disparity study. Nevertheless, based on the scope of services, data limitations, and a thorough review of other methodologies we have come to the conclusion that our approach is an appropriate one. However, we revisit these limitations in Section 5, as they relate to possible adjustments for future study and policy-making.<sup>12</sup>

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<sup>12</sup> See Appendix C for detailed charts displaying FY 2007 utilization data.

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## 2.3 Availability

To match the “numerator” of utilization rate, we must consider the equivalent “denominator,” which is **the proportion of the available universe of firms that can secure City contracts that belongs to a particular Disadvantaged Business Enterprise (DBE) category**. To begin with, availability cannot simply be measured as “percent of total population.” Although a certain demographic may compose a certain percentage of the total population, this gives no accurate indication of the number of firms available to do business with the City that are owned by individuals who fall into that demographic category.<sup>13</sup>

Therefore, we will use the legal foundation of “**ready, willing, and able**” (RWA) for availability, as discussed previously. We affirm the previous reports’ analysis of this legal basis, as well as their use of the Philadelphia Metropolitan Statistical Area (MSA) as the geographic boundaries of their availability analysis.

In keeping with the legal precedent for defining availability as set forth by *Croson*, DJ Miller & Associates (DJMA) used a definition for availability that examined a firm’s readiness, willingness, and ability to do business with the City.

1. Specifically, a firm was considered *ready* simply by virtue of its existence. Thus, Census data on the number of minority firms existing in the MSA was taken as the number of *ready* firms.
2. Similarly, willingness was determined by one of two sources: a firm was considered to be *willing* if it was either registered with the City of Philadelphia’s Procurement Office or with the federal government.
3. Ability to do business with the City is an important part of determining overall DBE availability rates.

Thus, DJMA was careful to define a benchmark for availability based upon the notion of *capacity* as was determined legally in *Concrete Works of Colorado, Inc. v. the City and County of Denver*. Nonetheless, a fair amount of ambiguity remains as to how exactly capacity should be measured and in what way these three characteristics could be viewed together to determine a useful method of distinguishing an RWA firm from a non-RWA firm. After all, readiness, willingness, and ability are all relatively subjective terms, which do not easily lend themselves to being determined by objective data sources.

Other similar disparity studies, such as MGT of America in Phoenix<sup>14</sup> and Mason Tillman in New York City<sup>15</sup> have used *Croson* as a guideline for defining availability. Our methodology in determining availability rates takes this existing body of knowledge into account, and evaluates it from the perspective of

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<sup>13</sup> What is useful to consider, which we elaborate on in further detail later in the report, is the extent to which the City can partner with public and private technical assistance providers to increase the availability of DBE firms with which the City can do business. If, for example, a DBE category had a utilization rate higher than its availability rate, but an availability rate that was lower than its proportion of the total population, one could draw two conclusions: first, that the City has done acceptably well in terms of utilizing firms owned by members of that DBE category; but second, that the City should work with other entities to work towards a higher availability of firms owned by members of that DBE category.

<sup>14</sup> Second Generation Disparity Study, MGT of America, Inc (1999).

<sup>15</sup> City of New York Disparity Study, Mason Tillman and Associates, Ltd. (2005).

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determining an approach that is sensitive to the constraints involved in considering either broader or narrow definitions of "ready, willing, and able" firms.

One can define this universe of RWA firms to varying degrees of strictness. In the narrowest sense, that universe can be considered as only those firms that have demonstrated RWA by actually registering or certifying to do business with the City. The availability rate for each category and industry of interest would be the number of DBE firms certified with the City of Philadelphia's Minority Business Enterprise Council (MBEC), divided by the number of all firms registered with the City's Procurement Office.

Using a broader definition of RWA, one could utilize the 2002 US Census Survey of Business Owners (SBO),<sup>16</sup> which gives us a sense of the number of all firms, and the annual revenues of such firms, in a geographic location and under a particular industry. Using NAICS codes, we can reasonably know the total number of firms by category and industry, as well as the number with one or more paid employees and the annual revenues in aggregate.

However, we now have the opposite problem as the narrower definition of RWA, since there are certainly firms out there that, while are in full operation and are generating positive revenues, for whatever reason are not in fact ready, willing, or able to do business with the City. For example, the vast majority of firms inventoried in the SBO (both DBE and non-DBE) have one or fewer employees, which would likely exclude them from most if not all City contract opportunities. This leads to a situation in which the number of firms used to calculate the availability rate is greater than the number of firms which are actually ready, willing, and able to do business with the City.

Either way, we have to contend with the fact that there are certainly firms that are ready, willing, and able to do business with the City, both DBE and non-DBE, who for a variety of reasons have not or not yet registered with the City. Considering only registered firms would under-count both the DBE amount and the non-DBE amount, with a possible skewing on the availability rate, depending on whether DBEs were more or less likely than non-DBEs to choose not to identify themselves as ready, willing, and able by registering with the City and/or obtaining MBEC certification.

In order to more fully understand availability, we have pursued both a "broad" and "narrow" approach, and calculated availability rates for both approaches. In this way, we can determine the differences in disparity ratios using the different approaches, and comment based on the actual results as to which approach is preferable, and where and why there are differences in results based on these approaches. Specifically, our "broad" approach utilizes the SBO data from 2002, whereas our "narrow" approach utilizes MBEC and Procurement Office data.<sup>17</sup>

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<sup>16</sup> The majority of the availability data used in our study comes from the Economic Census conducted every five years by the US Census Bureau. In particular, we used the Survey of Business Owners (SBO), which, since 2002, is a consolidation of two former studies, the Survey of Minority- and Women-Owned Business Enterprises (SMOBE/SWOBE).

The latest year for which SBO data are available is 2002, which is the dataset we used for this report. The 2007 data is expected to be available in early 2009.

<sup>17</sup> We have ruled out the use of the Central Contractor Registration (formerly known as PRONet) as a proxy for RWA because this federal level of certification is vastly more cumbersome than its local equivalent, causing far too much attrition in qualified firms to be considered a fair measure of availability. In other words, we found such a methodology to be too narrow to yield a reasonably accurate availability rate.

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Whichever the data source, we must further decide if we are interested in the raw number of firms, or only those with one or more paid employees. Alternatively, we might consider capacity commensurate to firm size, and so rather than adding up the raw number of firms, we could add up the annual revenues of such businesses. This is because it may not be accurate to say, hypothetically, that Asian American-owned public works businesses have an availability rate of 20 percent if they represent 20 percent of all public works firms but only 2 percent of the revenues of all public works firms.

Because of the difficulty in determining the actual availability rate of RWA DBE firms, we consider multiple sets of proxies. First, using a narrower approach, we take the number of DBE firms that have certified with MBEC, divided by the number of all firms that have registered with the City's Procurement Office. Second, using a broader approach, we take the number of DBE firms, divided by the number of all firms, as reported in the 2002 SBO data. This data is only available at the metropolitan level.

Third, we must consider the appropriate geography to use when determining DBE utilization versus DBE availability. Because we know where MBEC-certified firms are located, we can easily determine DBE utilization within the City of Philadelphia versus within the Philadelphia MSA versus within the US as a whole. However, most availability data is only available at the metropolitan and not city or county level.

Furthermore, there is no absolute legal consensus as to **the appropriate geographic market for determining DBE availability**. In some cases, it has been validated that the relevant geographic market for a government jurisdiction's disparity study is the jurisdiction of that government: state boundaries for a state, municipal or county boundaries for a local entity.<sup>18</sup> In other cases, it has been validated that the relevant geographic market for a government's disparity analysis extends beyond that government's jurisdiction (for example: a state whose disparity analysis includes counties in another state, or a local entity whose disparity analysis includes surrounding municipalities or counties).<sup>19</sup>

What does seem to be consistent is that the unit of geography should represent the best approximation of the geographic area within which the vast majority of available and awarded firms is located. To put it another way, what constitutes the relevant geographic area depends on what is deemed the appropriate economic market from which the government entity draws its contractors and vendors. It is instructive to report at this time the geographic distribution of MBEC-certified firms: note that over a third are located outside the City but within the Philadelphia MSA, and over a quarter are located outside the Philadelphia MSA altogether (see Figure 2.3).

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<sup>18</sup> See *Coral Construction*, 941 F. 2d at 925: "An MBE program must limit its geographical scope to the boundaries of the enacting jurisdiction."

<sup>19</sup> See *Concrete Works*, 823 F.Supp. 821, 835-836 (D. Colo. 1993), in which the Denver MSA was upheld as the appropriate market area.

**Figure 2.3 – Geographic Distribution of MBEC-Certified Firms (as of February 2008)**

Location	Number	% of Total <sup>20</sup>
Located within the City of Philadelphia	523	41%
Located outside the City of Philadelphia but within the Philadelphia MSA	435	34%
Located outside the Philadelphia MSA but within the US	331	26%

*Source: Minority Business Enterprise Council (2008)*

As a point of reference, DJMA used the Philadelphia PMSA in its analysis of 1998-2003 data. Metropolitan areas were used in other disparity studies we reviewed, and represent a reasonable in-between level of geography with a strictly city focus, missing the regional nature of procurement opportunities and a broader focus (statewide or nationwide) being too diffuse of a geographic range to derive meaningful results. Therefore, many of our analyses utilize the Philadelphia MSA as the unit of geography.

However, given that availability rates likely differ significantly at the Philadelphia MSA level from rates at the City level, it may be useful, where possible, to calculate availability using both geographies. Fortunately, in 2004, the Philadelphia District Office of the US Small Business Administration (SBA) produced counts of firms in Philadelphia by ethnicity. This data set has the benefit of describing just firms within the City, and thus can be compared against the utilization of DBE firms that are located within the City to arrive at a disparity ratio where the geography of the numerator and of the denominator is the City of Philadelphia, not the Philadelphia MSA.

However, its serious flaw, for the purposes of a disparity study, is that it is merely a count of all firms, with no additional information as to their characteristics. Given that a large majority of both DBE and non-DBE firms have only one employee, it is likely that most of the firms, DBE and non-DBE, in the 2004 SBA dataset are not in fact “ready, willing, and able” to do business with the City of Philadelphia. This means that both the numerator and the denominator of the availability rate, when calculated using this data set, are vastly inflated.

<sup>20</sup> These numbers have been rounded to the nearest whole number, as a result the numbers appear to add up to over 100 percent.

Nevertheless, it can be instructive to compare utilization versus availability at the City level as well as at the Philadelphia MSA level. Furthermore, it may very well be that, when calculated in this manner, the numerator and denominator are proportionately inflated, such that the availability rate is reasonably accurate for use in a disparity study. We therefore present availability in this third manner, and are careful that when using it to calculate disparity ratios, we pair it with utilization of DBE firms located in the City, not in the Philadelphia MSA.

These three proxies can only approximate the actual availability rate of RWA DBE firms as a proportion of all RWA firms because of the difficulty in determining readiness, willingness, and ability. In fact, the first proxy will be different to the extent that the proportion of DBE firms that are in fact RWA but have not or have not yet certified with MBEC is different than the proportion of all firms that are RWA but have not or have not yet registered with the City's Procurement Office; while the second and third proxies will be different to the extent that the proportion of DBE firms that are not in fact RWA is different than the proportion of all firms that are not RWA.

Disparity studies necessarily have to utilize existing data and cannot perfectly know the actual availability rate because of the challenge in quantifying the appropriate universes of RWA firms. This hinders the preciseness of stated availability rates (see Figure 2.4).

**Figure 2.4 - Different Approaches to Determining DBE Availability Rate**

# DBE Firms		Actual # DBE RWA Firms		# DBE Certified Firms
_____	<i>may or may not be equal to</i>	_____	<i>may or may not be equal to</i>	_____
# All Firms		Actual # All RWA Firms		# All Registered Firms
<i>(based on SBA/ Census data)</i>		<i>(i.e. the actual availability rate)</i>		<i>(based on MBEC / Procurement Office)</i>

*Source: Econsult Corporation (2007)*

Furthermore, in contrast to the thorough datasets provided by MBEC for the calculation of utilization rates, the datasets used in calculating availability rates contain considerable gaps. For example, US Census data does not always break out data down to our desired level of ethnic, geographic, or industry detail. Also, there are some instances in which the US Census datasets choose not to display certain figures, because their small counts are either statistically insufficient or would reveal too much detail about one or two large firms within an ethnic, geographic, or industry category.<sup>21</sup>

<sup>21</sup> See Appendix D for detailed charts displaying FY 2007 availability data.

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### 3.0 ANALYSIS

In this section, we provide a series of charts and accompanying narratives that depict the disparity ratio for all relevant Disadvantaged Business Enterprises (DBE) categories and contract types. We arrive at these disparity ratios by looking first at utilization rate and then at availability rate. In each set of charts, we can examine the City's performance in one or more of five ways:

- Fiscal Year (FY) 2007 results relative to results from Econsult Corporation's FY 2006 report;
- FY 2007 results across all for-profit contract types;
- FY 2007 results across geographic boundaries;
- FY 2007 results across DBE categories: Minority Business Enterprises (MBEs) (and, where data availability allows it, distinct ethnic groupings within), Women Business Enterprises (WBEs), and Disabled Business Enterprises (DSBEs);<sup>22</sup> and
- FY 2007 results by department.

Where data constraints result in missing, insufficient or ambiguous figures we do not include these figures, but instead show an "X". Therefore, all figures shown are statistically significant.

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<sup>22</sup> It is important to note that while many government agencies allow a firm to certify as one and only one DBE type (example: MBE or WBE, but not both), and/or will designate contracts that have been awarded to DBE firms as having gone to only one DBE type, we depict and analyze figures that allow for DBE firms to be classified as more than one DBE type. Where data is available to make such distinctions, this allows for a finer level of detail and therefore a finer level of analysis. When totaling up figures for all DBE categories, we are careful to ensure that there is no double-counting.

### 3.1 Utilization

As described in Section 2, Disadvantaged Business Enterprises (DBE) utilization is defined as the dollar value of contracts awarded to for-profit DBE prime contractors and sub-contractors divided by the total dollar value of contracts awarded to for-profit prime contractors and sub-contractors, as reported in the 2007 Participation Report of the City of Philadelphia's Minority Business Enterprise Council (MBEC), which lists contracts awarded and (if any) DBE participation in those contracts. We are further interested in the geographic distribution of contracts awarded to DBEs, to the extent that we know, per MBEC's Vendor List, whether they are located in the City of Philadelphia, in the Philadelphia Metropolitan Statistical Area (MSA), or outside the region. In fact, these three sizes of geography represent the three different ways we can express utilization (see Figure 3.1)<sup>23</sup>:

Figure 3.1 – Utilization Methods Employed in This Report

Method	Description	Data Source(s)
U1*	Utilization of DBE firms located in the City of Philadelphia ÷ utilization of all firms	MBEC Annual Participation Report (FY 2007)
U2*	Utilization of DBE firms located in the Philadelphia MSA ÷ utilization of all firms	
U3	Utilization of DBE firms located in the US ÷ utilization of all firms	

*Source: Econsult Corporation (2008)*

*\* denotes weighted more heavily in determining participation goals.*

<sup>23</sup> Note that the denominator for all three of these utilization rates is the dollar value of contracts awarded by the City of Philadelphia to all for-profit prime contractors and sub-contractors, irrespective of their geographic location. In other words, in determining DBE utilization at these three levels of geography, we are interested in the amount of all contract dollars that went to DBE firms within the City of Philadelphia, within the Philadelphia MSA, and within the US. Conversely, one could calculate utilization rates by comparing contract dollars that went to DBE firms located within the City of Philadelphia with contract dollars that went to all firms located within the City of Philadelphia, and contract dollars that went to DBE firms located within the Philadelphia MSA with contract dollars that went to all firms located within the Philadelphia MSA, and finally contract dollars that went to DBE firms located within the US with contract dollars that went to all firms located within the US. We reject such an approach because it is less important to know what proportion of City contract dollars that went to firms located within the City went to DBE firms located within the City, and more important to know what proportion of all City contract dollars went to DBE firms located within the City, and so on.

Before we look at dollar values, let us first consider the distribution of contracts. Out of 2,273 total contracts, 814 (36 percent) had one or more DBEs involved: 231 (10 percent) where the DBE was a prime, and 583 (26 percent) where one or more of the subs was DBE. Figure 3.2 shows the distribution of DBE participation across contract type, as well as the distribution of contracts in terms of how many DBEs were awarded just one contract versus more than one.

**Figure 3.2 - FY 2007 Distribution of DBE Contracts - # Firms Participating in Contracts**

	Public Works			Services, Supplies and Equipment			Professional Services		
	MBE	WBE	DSBE	MBE	WBE	DSBE	MBE	WBE	DSBE
# Contracts Awarded to DBEs	174	118	4	114	62	0	176	165	1
# DBEs Participating in At Least One Contract	46	42	1	57	27	0	97	104	1
Highest # of Contracts Awarded to a Single DBE	35	17	4	17	10	0	13	13	1
# DBEs Awarded Exactly 1 Contract	19	25	0	39	12	0	61	73	1
# DBEs Awarded 2-5 Contracts	18	10	1	15	13	0	34	29	0
# DBEs Awarded 6-10 Contracts	6	6	0	2	2	0	0	1	0
# DBEs Awarded 11-20 Contracts	2	1	0	1	0	0	2	1	0
# DBEs Awarded 21 or More Contracts	1	0	0	0	0	0	0	0	0

*Source: MBEC Annual Participation Report (FY 2007)*

Across all DBE categories and contract types, the vast majority of contract recipients participated in five or fewer City contracts. For example, within the 296 Public Works contracts in which DBE firms participated

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as either prime contractors or sub-contractors, 89 different DBE firms participated. Seventy-three of them (82 percent) participated in five or fewer of those contracts: 44 (49 percent) participated in exactly one contract and another 29 (33 percent) participated in two to five contracts.

The figures below provide an overview of the City's utilization of DBE firms in its awarding of contracts.<sup>24</sup> The percentages represent the dollar amount of contracts within each contract type, and then for all contract types in aggregate,<sup>25</sup> that were awarded to different categories of DBE firms. We provide three sets of utilization results, representing three units of geography or concentric circles: utilization of DBE firms that are located within the City of Philadelphia (see Figure 3.3), utilization of DBE firms that are located within the Philadelphia MSA (see Figure 3.4), and utilization of DBE firms that are located within the US (see Figure 3.5)<sup>26</sup>.

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<sup>24</sup> See Appendix C for additional detail.

<sup>25</sup> These contract types are:

- Public Works (PW).
- Personal and Professional Services (PPS).
- Services, Supplies and Equipment (SSE).

<sup>26</sup> Bear in mind that because the numerator in these three figures represents DBE utilization at three levels of geography, the difference between 100 percent and the stated utilization rate is not equal to the utilization of white male-owned firms. For example, utilization of DBE firms located within the City of Philadelphia was 10.1 percent in FY 2007. That does not mean that 89.9 percent of City contract dollars awarded went to white male-owned firms. Rather, 7.5 percent went to DBE firms located outside the City of Philadelphia but within the Philadelphia MSA (since DBE utilization at the Philadelphia MSA level was 17.6 percent); and an additional 3.2 percent went to DBE firms located outside the Philadelphia MSA but within the US (since DBE utilization at the US level was 20.8 percent). The remaining 79.2 percent of City contract dollars awarded went to white male-owned firms.

**Figure 3.3 - FY 2007 Utilization (U1) - Utilization of For-Profit DBE Prime Contractors and Sub-Contractors Located within the City of Philadelphia, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors (by \$ Contracts Awarded)**

		FY 07	FY 07	FY 07	FY 07	FY 06	FY 06	FY 06	FY 06
		PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
White	Female	1.4%	1.4%	2.9%	1.7%	1.0%	0.4%	3.0%	1.1%
Native American	Male & Female	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asian American	Male & Female	0.0%	0.1%	0.2%	0.1%	0.1%	0.2%	0.0%	0.1%
African American	Male & Female	2.9%	12.7%	3.4%	6.9%	2.4%	14.5%	3.0%	8.8%
Hispanic	Male & Female	1.2%	1.9%	0.7%	1.4%	1.9%	2.4%	1.3%	2.0%
<b>All MBE</b>	<b>Male &amp; Female</b>	<b>4.1%</b>	<b>14.4%</b>	<b>3.9%</b>	<b>8.4%</b>	<b>4.5%</b>	<b>17.3%</b>	<b>4.3%</b>	<b>11.0%</b>
<b>All</b>	<b>Female</b>	<b>2.5%</b>	<b>3.7%</b>	<b>5.0%</b>	<b>3.5%</b>	<b>3.1%</b>	<b>4.1%</b>	<b>3.5%</b>	<b>3.7%</b>
<b>Disabled</b>	<b>Male &amp; Female</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>All DBE</b>	<b>Male &amp; Female</b>	<b>5.6%</b>	<b>15.9%</b>	<b>6.9%</b>	<b>10.1%</b>	<b>5.4%</b>	<b>17.7%</b>	<b>7.2%</b>	<b>12.1%</b>

Source: MBEC Annual Participation Report (FY 2007)

\* Note: Figures in this row are not necessarily the sum of the above three rows because of businesses that belong to more than one category.

**Figure 3.4 - FY 2007 Utilization (U2) - Utilization of For-Profit DBE Prime Contractors and Sub-Contractors Located within the Philadelphia MSA, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors (by \$ Contracts Awarded)**

		FY 07	FY 07	FY 07	FY 07	FY 06	FY 06	FY 06	FY 06
		PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
White	Female	6.1%	3.5%	3.5%	4.6%	5.8%	0.9%	4.2%	3.0%
Native American	Male & Female	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%
Asian American	Male & Female	2.0%	1.6%	1.7%	1.8%	1.3%	1.2%	0.5%	1.1%
African American	Male & Female	4.2%	14.6%	7.7%	9.2%	3.6%	16.4%	8.3%	11.1%
Hispanic	Male & Female	1.4%	3.0%	1.0%	2.0%	1.9%	2.6%	1.3%	2.2%
<b>All MBE</b>	<b>Male &amp; Female</b>	<b>7.6%</b>	<b>19.4%</b>	<b>10.3%</b>	<b>13.0%</b>	<b>6.8%</b>	<b>20.6%</b>	<b>10.1%</b>	<b>14.6%</b>
<b>All</b>	<b>Female</b>	<b>9.0%</b>	<b>8.1%</b>	<b>5.6%</b>	<b>8.0%</b>	<b>10.6%</b>	<b>5.7%</b>	<b>5.9%</b>	<b>7.1%</b>
<b>Disabled</b>	<b>Male &amp; Female</b>	<b>0.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.2%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.1%</b>
<b>All DBE</b>	<b>Male &amp; Female</b>	<b>13.8%</b>	<b>22.9%</b>	<b>13.8%</b>	<b>17.6%</b>	<b>12.9%</b>	<b>21.5%</b>	<b>14.3%</b>	<b>17.6%</b>

Source: MBEC Annual Participation Report (FY 2007)

\* Note: Figures in this row are not necessarily the sum of the above three rows because of businesses that belong to more than one category.

**Figure 3.5 - FY 2007 Utilization (U3) - Utilization of For-Profit DBE Prime Contractors and Sub-Contractors Located within the US, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors (by \$ Contracts Awarded)**

		FY 07	FY 07	FY 07	FY 07	FY 06	FY 06	FY 06	FY 06
		PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
White	Female	6.2%	6.5%	4.5%	5.9%	7.3%	3.7%	4.4%	4.8%
Native American	Male & Female	2.1%	0.1%	0.1%	0.9%	2.8%	0.1%	0.0%	0.8%
Asian American	Male & Female	2.3%	1.8%	1.7%	2.0%	3.3%	1.6%	1.4%	2.0%
African American	Male & Female	4.3%	15.4%	7.8%	9.6%	6.7%	17.1%	9.0%	12.5%
Hispanic	Male & Female	1.4%	3.3%	1.0%	2.1%	1.9%	3.0%	1.5%	2.4%
<b>All MBE</b>	<b>Male &amp; Female</b>	<b>10.1%</b>	<b>21.0%</b>	<b>10.6%</b>	<b>14.8%</b>	<b>12.1%</b>	<b>22.1%</b>	<b>11.9%</b>	<b>17.9%</b>
<b>All</b>	<b>Female</b>	<b>11.2%</b>	<b>11.4%</b>	<b>6.1%</b>	<b>10.4%</b>	<b>12.2%</b>	<b>8.8%</b>	<b>6.2%</b>	<b>9.9%</b>
<b>Disabled</b>	<b>Male &amp; Female</b>	<b>0.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.2%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.1%</b>
<b>All DBE</b>	<b>Male &amp; Female</b>	<b>16.5%</b>	<b>27.5%</b>	<b>14.8%</b>	<b>20.8%</b>	<b>19.6%</b>	<b>25.8%</b>	<b>16.3%</b>	<b>22.8%</b>

Source: MBEC Annual Participation Report (FY 2007)

\* Note: Figures in this row are not necessarily the sum of the above three rows because of businesses that belong to more than one category.

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We can make a number of observations regarding this data by making comparisons across time and type:

- Comparing FY 2007 utilization results with FY 2006 utilization results
  - Overall DBE utilization was down from 22.8 percent in FY 2006 to 20.8 percent in FY 2007 for all DBE firms irrespective of location. Overall DBE utilization was down from 12.1 percent in FY 2006 to 10.1 percent in FY 2007 for DBE firms located within the City of Philadelphia, but stayed constant at 17.6 percent in FY 2006 and FY 2007 for DBE firms located within the Philadelphia MSA, indicating the utilization of DBE firms located within the Philadelphia MSA but outside the City of Philadelphia was up from 5.5 percent in FY 2006 to 7.5 percent in FY 2007.
  - Much of the drop in utilization of DBE firms located within the City of Philadelphia can be explained by the drop in utilization of DBE firms for PPS contracts, as DBE utilization within the City of Philadelphia for that contract type was down from 17.7 percent in FY 2006 to 15.9 percent in FY 2007, while DBE utilization within the City of Philadelphia for other contract types was relatively flat (DBE utilization within the City of Philadelphia for PW contracts was up slightly from 5.4 percent in FY 2006 to 5.6 percent in FY 2007, while DBE utilization within the City of Philadelphia for SSE contracts declined slightly from 7.2 percent to 6.9 percent in FY 2007). Much of this drop is explained by the drop in MBE utilization, from 17.3 percent in FY 2006 to 14.4 percent in FY 2007.
  - In contrast, DBE utilization within the Philadelphia MSA for PPS contracts was up from 21.5 percent in FY 2006 to 22.9 percent in FY 2007, while DBE utilization within the Philadelphia MSA for other contract types was relatively flat (DBE utilization within the Philadelphia MSA for PW contracts was up slightly from 12.9 percent in FY 2006 to 13.8 percent in FY 2007, while DBE utilization within the Philadelphia MSA for SSE contracts was down slightly from 14.3 percent in FY 2006 to 13.8 percent in FY 2007). Much of this rise is explained by the rise in WBE utilization, from 5.7 percent in FY 2006 to 8.1 percent in FY 2007.
- Comparing results across DBE categories
  - Utilization of African American firms was down at all three geographies, from 8.8 percent in FY 2006 to 6.9 percent in FY 2007 for firms located within the City of Philadelphia, from 11.1 percent in FY 2006 to 9.2 percent in FY 2007 for firms located within the Philadelphia MSA, and from 12.5 percent in FY 2006 to 9.6 percent in FY 2007 for firms located within the US.
  - Utilization of Hispanic firms was down from 2.0 percent in FY 2006 to 1.4 percent in FY 2007 for firms located within the City of Philadelphia, and down from 2.2 percent in FY 2006 to 2.0 percent in FY 2007 for firms located within the Philadelphia MSA, meaning that the utilization of Hispanic firms located within the Philadelphia MSA but outside the City of Philadelphia was up from 0.2 percent in FY 2006 to 0.6 percent in FY 2007.
  - Utilization of Asian American firms was flat at 0.1 percent for firms located within the City of Philadelphia, and up from 1.1 percent in FY 2006 to 1.8 percent in FY 2007 for firms located within the Philadelphia MSA, meaning that the utilization of Asian American firms located within

- the Philadelphia MSA but outside the City of Philadelphia was up from 1.0 percent in FY 2006 to 1.7 percent in FY 2007.
- Utilization of white female owned firms rose for all three geographies: from 1.1 percent in FY 2006 to 1.7 percent in FY 2007 for firms located within the City of Philadelphia, from 3.0 percent in FY 2006 to 4.6 percent in FY 2007 for firms located within the Philadelphia MSA, and from 4.8 percent in FY 2006 to 5.9 percent in FY 2007 for firms located within the US. These gains were largely due to increases in utilization of white female owned firms for PPS contracts: from 0.4 percent in FY 2006 to 1.4 percent in FY 2007 for firms located within the City of Philadelphia, from 0.9 percent in FY 2006 to 3.5 percent in FY 2007 for firms located within the Philadelphia MSA, and from 3.7 percent in FY 2006 to 6.5 percent in FY 2007 for firms located within the US.
  - Comparing results across contract types
    - PPS was the contract type that enjoyed the highest utilization rates across contract types, for nearly every geography and DBE category.
    - Utilization of DBE firms for PPS contracts was down from 17.7 percent in FY 2006 to 15.9 percent in FY 2007 for firms located within the City of Philadelphia, but up from 21.5 percent in FY 2006 to 22.9 percent in FY 2007 for firms located within the Philadelphia MSA, meaning that the utilization of DBE firms located within the Philadelphia MSA but outside the City of Philadelphia for PPS contracts was up from 3.8 percent in FY 2006 to 7.0 percent in FY 2007.
    - Utilization of DBE firms for PW and SSE contracts was relatively flat for firms located within the City of Philadelphia and within the Philadelphia MSA, but down for firms located within the US (from 19.6 percent in FY 2006 to 16.5 percent in FY 2007 for PW contracts, and from 16.3 percent in FY 2006 to 14.8 percent in FY 2007 for SSE contracts).

Since this report is to be used in part by the Finance Director to set Annual Participation Goals, it is useful to depict utilization results at the department level (see Figure 3.6).<sup>27</sup> In this way, all departments can be held accountable, strong performers celebrated and struggling performers identified. At the same time, it is important to note that different departments may represent different kinds of contracts, and to the extent that DBE availability is not uniform across types of services and industries, it can make it difficult to compare performance across categories.

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<sup>27</sup> See Appendix C for additional detail.

**Figure 3.6 - FY 2007 Utilization (U3) - Utilization by Department of For-Profit DBE Prime Contractors and Sub-Contractors Located within the US, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors (by \$ Contracts Awarded)**

City Department	FY07 Dept Total (in \$M)	FY07 DBE Total (in \$M)	FY07 DBE %Utilization Actual	FY06 DBE %Utilization Actual	+/- Percent Increase
Aviation	\$186.53	\$42.98	23.0%	27.7%	-4.7%
Behavioral Health/Mental Retardation Services	\$14.00	\$0.20	1.4%	1.0%	0.4%
Camp William Penn	\$0.00	\$0.00	100.0%	0.0%	100.0%
Capital Program Office	\$23.04	\$4.50	19.5%	19.4%	0.1%
City Planning Commission	\$0.04	\$-	0.0%	23.2%	-23.2%
Civil Service Commission	\$0.02	\$-	0.0%	0.0%	0.0%
Commerce	\$1.78	\$-	0.0%	80.2%	-80.2%
Fairmount Park Commission	\$0.09	\$0.02	17.5%	26.4%	-8.8%
Finance, Director of	\$9.45	\$2.69	28.4%	14.1%	14.3%
Fire	\$4.84	\$0.05	1.0%	13.1%	-12.1%
Fleet Management	\$0.39	\$0.10	24.4%	10.3%	14.1%

City Department	FY07 Dept Total (in \$M)	FY07 DBE Total (in \$M)	FY07 DBE %Utilization Actual	FY06 DBE %Utilization Actual	+/- Percent Increase
Health, Department of Public	\$3.85	\$0.20	5.3%	14.9%	-9.6%
Historical Commission	\$0.01	\$-	0.0%	0.0%	0.0%
Human Services, Department of	\$66.67	\$6.3	9.6%	4.6%	5.0%
Information Services, Mayor's Office of	\$13.26	\$3.0	22.9%	20.8%	2.1%
Labor Relations	\$0.00	\$-	0.0%	0.0%	0.0%
Law Department	\$9.80	\$5.40	55.1%	43.9%	11.2%
Library, Free	\$0.56	\$0.02	3.2%	3.9%	-0.7%
Licenses and Inspections, Department of (L&I)	\$1.23	\$0.55	44.9%	69.8%	-24.8%
Managing Director's Office	\$1.16	\$0.31	26.4%	30.4%	-3.9%
Mayor's Office	\$1.05	\$0.08	7.1%	10.6%	-3.4%
Mayor's Office of Community Services	\$0.13	\$0.04	28.8%	35.9%	-7.1%
Mural Arts Program	\$-	\$-	0.0%	0.0%	0.0%

City Department	FY07 Dept Total (in \$M)	FY07 DBE Total (in \$M)	FY07 DBE %Utilization Actual	FY06 DBE %Utilization Actual	+/- Percent Increase
Office of Housing & Community Development (OHCD)	\$0.82	\$0.07	7.9%	7.8%	0.2%
Office of Supportive Housing (OSH)	\$5.03	\$0.77	15.3%	0.0%	15.3%
Pensions & Retirement, Board of	\$1.77	\$-	0.0%	0.0%	0.0%
Personnel	\$0.61	\$0.04	6.8%	20.2%	-13.5%
Police	\$1.71	\$0.07	3.9%	4.6%	-0.8%
Prisons	\$103.37	\$24.04	23.3%	23.6%	-0.3%
Procurement	\$0.12	\$-	0.0%	0.0%	0.0%
Property, Department of Public	\$14.68	\$13.61	92.7%	89.1%	3.6%
Records	\$3.05	\$0.61	20.1%	37.3%	-17.2%
Recreation	\$0.70	\$0.10	13.8%	10.9%	2.9%
Revenue	\$2.36	\$0.82	34.7%	18.9%	15.8%
Revision of Taxes, Board of	\$1.19	\$0.37	31.2%	76.3%	-45.1%

City Department	FY07 Dept Total (in \$M)	FY07 DBE Total (in \$M)	FY07 DBE %Utilization Actual	FY06 DBE %Utilization Actual	+/- Percent Increase
Sinking Fund Commission	\$0.00	\$-	0.0%	0.0%	0.0%
Streets	\$33.56	\$5.56	16.6%	11.7%	4.8%
Treasurer, City	\$0.04	\$0.04	100.0%	0.0%	100.0%
Water Department	\$123.49	\$19.59	15.9%	20.3%	-4.4%
<b>All Departments</b>	<b>\$630.38</b>	<b>\$132.08</b>	<b>21.0%</b>		
<b>All with SSE<sup>28</sup></b>	<b>\$752.04</b>	<b>\$156.42</b>	<b>21.8%</b>		

Source: MBEC Annual Participation Report (FY 2007)

The following departments merit additional discussion:

- The top three of the 39 City departments in terms of contracts - Aviation, Water, and Prisons – represent \$413 million in contracts, or almost two-third (65.6 percent) of the dollars spent by City departments. In terms of DBE utilization, Aviation (23.0 percent) and Prisons (23.3 percent) were above the utilization rate for all City departments (21.8 percent), but Water was below (15.9 percent).
- Among the City departments with at least \$1 million in contracts, Public Property had the highest utilization rate (92.7 percent). Law (55.1 percent) and L&I (44.9 percent) also had high utilization rates. At the other end of the spectrum, Police (3.9 percent) and Fire (1.0 percent) had the lowest utilization rates.
- Four City departments that had at least \$1 million in contracts had double-digit increases in DBE utilizations and FY 2007 utilization rates above the utilization for all City departments: Finance (from 14.1 percent in FY 2006 to 28.4 percent in FY 2007), Fleet Management (from 10.3 percent in

<sup>28</sup> SSE contracts are centrally processed and therefore do not get assigned to a particular City department.

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FY 2006 to 24.4 percent in FY 2007), Law (from 43.9 percent in FY 2006 to 55.1 percent in FY 2007), and Revenue (from 18.9 percent in FY 2006 to 34.7 percent in FY 2007).

- In contrast, three City departments that had at least \$1 million in contracts had double-digit decreases in DBE utilizations and FY 2007 utilization rates below the utilization for all City departments: Commerce (from 80.2 percent in FY 2006 to 0.0 percent in FY 2007), Fire (from 13.1 percent in FY 2006 to 1.0 percent in FY 2007), and Records (from 37.3 percent in FY 2006 to 20.4 percent in FY 2007).

Finally, we have limited data with which to consider contracts to firms owned by minorities, women, or the disabled that are not MBEC-certified but that have been deemed “certifiable” by the departments with which they do business. In other words, in selected cases, departments have kept their own participation data, in terms of maintaining a list of vendors with whom they have had previous contact, and whether, based on their own assessment, their firms would be considered minority-owned, woman-owned, or disabled-owned.<sup>29</sup>

While this data on “certifiabiles” is only currently available from a small subset of City departments, and the legitimacy of these “certifiabiles” has not been verified by MBEC, it is a useful topic to include in any discussion on DBE utilization. After all, the broader objective is to ensure the fair participation in City contracts of minority-owned, woman-owned, and disabled-owned firms; whether or not such firms have been certified by MBEC is simply a compliance issue, albeit an important one.

Put another way, it is quite possible that the City’s true utilization of minority-owned, woman-owned, and disabled-owned firms is actually quite larger than this report would appear to indicate. Recall that for the purposes of this report, utilization is defined as the dollar value of awarded contracts that go to MBEC-certified firms in various DBE categories, divided by the total dollar value of awarded contracts. Therefore, in theory there are at least two possible differences between that ratio and the ratio of the dollar value of awarded contracts that go to minority-owned, woman-owned, and disabled-owned firms divided by the total dollar value of awarded contracts:

- If there are minority-owned, woman-owned, or disabled-owned firms that do business with the City but are not MBEC-certified, true DBE utilization would actually be higher than reported DBE utilization.

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<sup>29</sup>One could also possibly include in this list of “certifiabiles” any firms that were not MBEC-certified during the study period but that have subsequently become MBEC-certified, under the assumption that these were minority-owned, woman-owned, and/or disabled-owned all along, and subsequent to the study period were finally MBEC-certified. We do not choose to include such firms, because the above explanation for why they were not MBEC-certified during the study period but have become MBEC-certified afterwards is only one of three possibilities. It is also possible that the firm did not exist at all during the study period, and only came into existence afterwards. It is also possible that the firm was not minority-owned, woman-owned, and/or disabled-owned during the study period, but subsequently experienced a change in ownership and therefore became eligible to be certified by MBEC. Since there is no way of knowing which is the reason a firm was not MBEC-certified during the study period but became MBEC-certified afterwards, we choose to not include such firms in this list of “certifiabiles.”

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- If there are firms that are MBEC-certified but that are not in fact owned by a minority, woman, or disabled person (whether because of fraud or because of a change in ownership that has not yet been accounted for in the firm's certification status), true DBE utilization would actually be lower than reported DBE utilization.

If the variance associated with the first point is larger than the variance associated with the second point, then the City's true DBE utilization is higher than its reported DBE utilization. In fact, it is quite likely that the variance associated with first point is larger than the variance associated with the second point; that is, that there are more minority-owned, woman-owned, or disabled-owned firms that are not MBEC-certified than there are MBEC-certified firms that are not minority-owned, woman-owned, or disabled-owned. On the one hand, a number of City departments submitted to MBEC partial self-generated lists of "certifiabes"; all told, these lists total an additional 400+ potential minority-owned, women-owned, and disabled-owned firms which, were they to be awarded City contracts, would not count towards the City's utilization rate because they are not MBEC-certified. On the other hand, MBEC expends a considerable amount of effort to verify the ownership status of its certified firms, and therefore it is likely that that variance is relatively smaller.

Based on the Annual Participation Report, none of these 400+ "certifiabes" actually participated in any of the City contracts analyzed for this report, although some were awarded contracts by quasi-governmental entities whose performance is included in the Annual Participation Report. This is to be expected, since many of the departments that shared their lists of "certifiabes" represent contract dollars that are awarded to non-profit prime contractors and are therefore not included in this report's main calculations related to for-profit prime contractors and sub-contractors. Therefore, based on this preliminary exploration, there is no under-counting of DBE participation in contracts awarded to for-profit prime contractors and sub-contractors as a result of the participation of "certifiabes" that are not MBEC-certified.

Nevertheless, only a small subset of City departments submitted their self-generated lists of "certifiabes," and the information from those that did suggests that there exists a significant number of "certifiabes" and significant participation in other City contracts that are not part of the main focus of this report but are no less important from the standpoint of the economic opportunities they represent. It is therefore recommended that future Annual Disparity Studies involve additional collection of such lists from more City departments.

### 3.2 Availability

As described in Section 2, in defining Disadvantaged Business Enterprise (DBE) availability, one must be mindful to be neither too broad, nor too narrow. Accordingly, we have sought to calculate availability seven different ways. A spectrum of results can then inform the appropriate choice of availability approach when calculating disparity ratios (see Figure 3.7).

Figure 3.7 – Availability Methods Employed in This Report

Method	Description	Data Source(s)
A1*	# DBE Firms in Philadelphia County ÷ # All Firms in Philadelphia County	US Small Business Administration – Philadelphia District Office (2004)
A2	# DBE Firms ÷ # All Firms in Philadelphia MSA	2002 US Census Survey of Business Owners
A3*	# DBE Firms w/ >1 Employee ÷ # All Firms w/ >1 Employee in Philadelphia MSA	2002 US Census Survey of Business Owners
A4	\$ Revenue of DBE Firms ÷ \$ Revenue of All Firms in Philadelphia MSA	2002 US Census Survey of Business Owners
A5	\$ Revenue of DBE Firms > 1 Employee ÷ \$ Revenue of All Firms > 1 Employee in Philadelphia MSA	2002 US Census Survey of Business Owners
A6	# MBEC-Certified DBE Firms ÷ # All Firms on City of Philadelphia Procurement Office Vendor List	MBEC (2007), Procurement Office (2007)
A7	# MBE/WBE Firms on City of Philadelphia Procurement Office Vendor List ÷ # All Firms on City of Philadelphia Procurement Office Vendor List	MBEC (2007), Procurement Office (2007)

*Source: Econsult Corporation (2008)*

*\* denotes weighted more heavily in determining participation goals.*

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A first, very broad approach is to take data from the Philadelphia District Office of the US Small Business Administration (SBA), which shows firms by ethnicity and gender for Philadelphia County and other counties.<sup>30</sup> This is very broad because only firms that are “ready, willing, and able” – both DBE and non-DBE – should be considered when determining availability. As noted earlier, a vast majority of firms – both DBE and non-DBE – are very small and therefore highly unlikely to be deemed “ready, willing, and able.” In addition, these figures count all firms regardless of industry, even though the not all industries are of use to the City of Philadelphia in its contracting needs; a more accurate availability rate would therefore include from these counts of firms only those firms - DBE and non-DBE - that are in industries that represent functions in which the City of Philadelphia can contract work.<sup>31</sup>

However, it is useful to consider availability at the City level, and thus be able to compare it to availability at the Philadelphia Metropolitan Statistical Area (MSA) level. Therefore, we assume for now that the proportion of all DBE firms to all firms (what can be calculated from this data set) is close enough to the proportion of all “ready, willing, and able” (RWA) DBE firms in relevant industries to all RWA firms in relevant industries (what an availability ratio really is) that it can be used to measure availability. We call this approach “A1” (see Figure 3.8).

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<sup>30</sup> Philadelphia County is identical to the City of Philadelphia in geography.

<sup>31</sup> Although “DBE” is a government designation, it is used here to refer to firms owned by minorities, women, or the disabled.

**Figure 3.8 - FY 2007 Availability (A1) - # DBE Firms in Philadelphia County, Divided by # All Firms in Philadelphia County**

Ethnicity	Gender	# Firms	% of Total	Population	% of Total
White	Female	13,890	22.0%	333,861	22.0%
Native American	Male & Female	X	X	X	X
Asian American	Male & Female	4,403	7.0%	67,654	5.4%
African American	Male & Female	9,285	14.8%	655,824	43.2%
Hispanic	Male & Female	1,566	2.5%	128,928	8.5%
<b>All MBE</b>	<b>Male &amp; Female</b>	<b>15,150</b>	<b>24.0%</b>	<b>852,406</b>	<b>56.2%</b>
<b>Disabled</b>	<b>Male &amp; Female</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>All DBE</b>	<b>Male &amp; Female</b>	<b>29,040</b>	<b>46.2%</b>	<b>1,186,267</b>	<b>78.2%</b>

Source: US Small Business Administration – Philadelphia District Office (2004)

"X" denotes data unavailable or insufficient.

We note the following observations from this data:

- Over 46 percent of the City's 63,000 firms are considered DBE firms, while over 78 percent of the City's population falls within a DBE racial, ethnic, or gender category.
- Asian Americans and white females own proportions of the City's firms that are equal to or higher than their respective proportions of the City's population, while African Americans and Hispanics own proportions of the City's firms that are less than their respective proportions of the City's population.
- No data was provided for the business ownership or population of Native Americans or the disabled.

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Moving from a city geography to a metropolitan one, in using the broad approach, we determined, in any given contract category, the number of DBE firms in the Philadelphia MSA and divided that number by the number of all firms in the Philadelphia MSA. For such an approach, we utilized the 2002 US Census Survey of Business Owners. This data set includes counts by industry, enabling us to select only firms in those industries that represent functions in which the City of Philadelphia can contract work, and thus excluding firms - both DBE and non-DBE - in non-relevant industries. Based on the broad approach and using 2002 US Census survey data, we can further delineate between the number of firms, the number of firms with paid employees, the aggregate annual revenues of firms, and the aggregate annual revenues of firms with paid employees. These represent four approaches to determining the appropriate availability of DBE firms, and together help better clarify that availability rate.

For example, using the number of firms might disproportionately weight firms that have no employees and are really not of a scale to be “ready, willing, and able.” Using the number of firms with paid employees is probably a more accurate number, but it would still tend to disproportionately weight smaller firms over larger firms; using the aggregate annual revenues of firms speaks to this notion of capacity, but might have the opposite problem of disproportionately weighting larger firms over smaller firms. Data availability also becomes an issue, as not all DBE categories are delineated in this data source, and it may be important to differentiate between availability for various Minority Business Enterprise (MBE) categories, as well as Women Business Enterprises (WBE) and Disabled Business Enterprises (DSBE).

Because we have considered multiple approaches to determining availability rate, we consider these four approaches A2-A5:

- A2 - # DBE Firms Divided By # All Firms in Philadelphia MSA, Based on SBA/Census Survey of Business Owners
- A3 - # DBE Firms > 1 Employee Divided by # All Firms > 1 Employee in Philadelphia MSA, Based on SBA/Census Survey of Business Owners
- A4 - \$ Revenue of DBE Firms Divided by \$ Revenue of All Firms in Philadelphia MSA, Based on SBA/Census Survey of Business Owners
- A5 - \$ Revenue of DBE Firms > 1 Employee Divided by \$ Revenue of All Firms > 1 Employee in Philadelphia MSA, Based on SBA/Census Survey of Business Owners

In contrast, with the narrow approach, we recognized that not all firms are in fact part of the universe of RWA firms, and that a stricter interpretation of the legal requirements of RWA necessitates that we include only those businesses that are in fact already ready to do business with the City, as evidenced by registering with the City to bid for contracts and/or obtaining certification from the City of Philadelphia's Minority Business Enterprise Council (MBEC). This, of course, would exclude otherwise RWA firms – DBE and non-DBE – that have not yet registered and yet are no less worthy of being considered in an availability calculation. Nevertheless, this approach yields two additional ways to calculate availability:

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- A6 - # MBEC-Certified DBE Firms Divided by # All Firms on City of Philadelphia Procurement Office Vendor List
  - A7 - # MBE/WBE Firms on City of Philadelphia Procurement Office Vendor List Divided by # All Firms on City of Philadelphia Procurement Office Vendor List

Of the six availability approaches that use the Philadelphia MSA as the unit of geography, we believe A3 is the one that most effectively balances “broad” and “narrow” considerations (see Figure 3.9).<sup>32</sup> It accounts for a more inclusive universe of “ready, willing, and able” firms – both DBE and non-DBE – but excludes the vast majority of firms in the MSA that have one or fewer employees, which would otherwise grossly overstate both DBE and non-DBE counts. It also uses a data set that includes industry-by-industry breakouts, which allows us to select only those firms - DBE and non-DBE - that represent functions in which the City of Philadelphia can contract work.<sup>33</sup>

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<sup>32</sup> Since the availability results that use 2002 Census Survey of Business Owners data are the same as ones depicted in the FY 2006 report, we show them juxtaposed with availability results from DJ Miller & Associates’ report on 1998-2003 availability.

<sup>33</sup> See Appendix D for more detail.

**Figure 3.9 - FY 2007 Availability (A3) - # DBE Firms > 1 Employee in Philadelphia MSA, Divided by # All Firms > 1 Employee in Philadelphia MSA**

Ethnicity	Gender	FY 2006, FY 2007				DJ Miller 1998-2003			
		PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
White	Female	X	X	X	X	8.3%	7.7%	13.7%	12.6%
Native American	Male & Female	0.3%	0.2%	x	0.2%	0.4%	0.0%	0.1%	0.1%
Asian American	Male & Female	x	3.6%	8.4%	5.5%	0.5%	0.9%	5.9%	4.8%
African American	Male & Female	1.3%	1.9%	0.9%	2.1%	2.1%	2.4%	2.7%	2.6%
Hispanic	Male & Female	1.1%	1.0%	1.0%	1.2%	1.1%	0.2%	0.9%	0.9%
<b>All MBE</b>	<b>Male &amp; Female</b>	<b>2.8%</b>	<b>6.7%</b>	<b>10.3%</b>	<b>9.0%</b>	<b>4.1%</b>	<b>3.6%</b>	<b>9.5%</b>	<b>8.4%</b>
<b>All</b>	<b>Female</b>	<b>8.1%</b>	<b>17.9%</b>	<b>14.3%</b>	<b>15.5%</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>Disabled</b>	<b>Male &amp; Female</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>All DBE *</b>	<b>Male &amp; Female</b>	<b>10.8%</b>	<b>24.6%</b>	<b>24.6%</b>	<b>24.6%</b>	<b>12.4%</b>	<b>11.3%</b>	<b>23.2%</b>	<b>21.0%</b>
All Firms	All	13,242	17,275	24,526	114,869				

Source: US Census Survey of Business Owners (2002)

\* Note: Figures in this row are not necessarily the sum of the above three rows because of businesses that belong to more than one category. "X" denotes data unavailable or insufficient.

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In terms of the characteristics of the Philadelphia MSA as they pertain to DBE availability between 1998 and 2003 (based on 1997 data) and FY 2007 (based on 2002 data), we note the following points:

- The total number of firms in the area increased by 82 percent, from almost 63,000 to almost 115,000.
- DBE availability held relatively steady, rising slightly from 8.4 percent in 1998-2003 to 9.0 percent in 2007.
  - DBE availability went down in terms of Public Works (PW) contracts, from 4.1 percent in 1998-2003 to 2.8 percent in 2007.
  - DBE availability went up in terms of Personal and Professional Services (PPS) contracts, from 3.6 percent in 1998-2003 to 6.7 percent in 2007.
  - DBE availability went up in terms of Services, Supplies, and Equipment (SSE) contracts, from 9.5 percent in 1998-2003 to 10.3 percent in 2007.
- Asian Americans enjoyed large gains in availability -
  - In PPS from 0.9 percent in 1998-2003 to 3.6 percent in 2007.
  - In SSE from 5.9 percent in 1998-2003 to 8.4 percent in 2007.
- African Americans experienced losses in availability across the board -
  - In PW contracts, from 2.1 percent in 1998-2003 to 1.3 percent in 2007.
  - In PPS contracts, from 2.4 percent in 1998-2003 to 1.9 percent in 2007.
  - In SSE contracts, from 2.7 percent in 1998-2003 to 0.9 percent in 2007.

In terms of the characteristics of the Philadelphia MSA in FY 2007 as they relate to various contract types, we note the following points:

- MBEs were much more available in SSE contracts, representing 10.3 percent of all firms with paid employees, versus 2.8 percent of PW firms and 6.7 percent of PPS firms.
- WBEs were much more available in PPS contracts, representing 17.9 percent of all firms with paid employees, versus 8.1 percent of PW firms and 14.3 percent of all SSE firms.

In terms of the characteristics of the Philadelphia MSA in FY 2007 as they relate to different DBE categories, we note the following points:

- Asian Americans had the highest availability rates in PPS (3.6 percent of all firms) and SSE (8.4 percent of all firms) contracts, dwarfing all other MBE categories.

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- Information on the availability of WBEs and DSBEs could not be obtained due to data limitations.

Finally, in terms of the characteristics of the Philadelphia MSA in FY 2007 (based on 2002 data) as they relate to the characteristics of the City of Philadelphia (based on 2004 data), we note the following points:

- DBE firms represented 46.2 percent of all firms within the City of Philadelphia but only 24.6 percent of all firms within the Philadelphia MSA.
- MBE firms represented 24.0 percent of all firms within the City of Philadelphia but only 9.0 percent of all firms within the Philadelphia MSA.

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### 3.3 Disparity

As described in Section 2, Disadvantaged Business Enterprise (DBE) disparity is defined as the utilization rate, as calculated in Section 3.1, divided by the availability rate, as calculated in Section 3.2. A disparity ratio of more than 1.0 means a utilization rate greater than the availability rate, and a disparity ratio of less than 1.0 means a utilization rate lower than the availability rate. It is important to note that an under-representation of DBEs in the economic opportunities represented by the universe of City contracts can manifest itself in at least two ways:

1. Under-utilization of DBEs in particular contract category, commensurate to DBE availability (unusually low utilization rate divided by normal availability rate = disparity ratio of less than 1.0).
2. Relatively low availability of DBEs in a particular contract category (normal utilization rate divided by unusually low availability rate = disparity ratio of greater than 1.0).

Again, this qualification applies only to situations in which availability rates are unusually low. Of course, where availability rates are relatively reasonable, a disparity ratio of over 1.0 is a very positive outcome, as it means that DBE utilization rates exceed DBE availability rates. Furthermore, even in cases in which availability rates are unusually low, leading to somewhat misleading high disparity ratios, this is still a very positive outcome in one sense, as it means that despite the relative lack of "ready, willing, and able" (RWA) DBEs, City agencies were able to utilize DBE firms.

Recall that we have determined both utilization and availability using a number of different approaches. When using these utilization and availability results to determine disparity ratios, it is important to match utilization and availability methods appropriately. In particular, if a utilization rate represents City boundaries only, its corresponding availability rate should also represent only City boundaries. Accordingly, we match up utilization and availability methods as follows:

- $D1 = U1 \div A1$  = Utilization of DBEs in the City, divided by Availability of DBEs in the City (see Figure 3.10)<sup>34</sup>
- $D3 = U2 \div A3$  = Utilization of DBEs in the Philadelphia Metropolitan Statistical Area (MSA), divided by Availability of DBEs in the MSA (see Figure 3.11)<sup>35</sup>

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<sup>34</sup> Disparity ratios that looks at utilization and availability within the City of Philadelphia can only be calculated for all contract types and not broken out by contract type, since there is no way of knowing what DBE availability is by contract type, per the US Small Business Administration – Philadelphia District Office data.

<sup>35</sup> U2 can also be divided by A2, A4, A5, A6, and A7, to determine disparity ratios in additional ways, which we call D2, D4, D5, D6, and D7. See Appendix E for more detail.

Figure 3.10 - FY 2007 Disparity Ratio (D1)

Utilization (U1) - Utilization of For-Profit DBE Prime Contractors and Sub-Contractors Located in the City of Philadelphia, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors (by \$ Contracts Awarded)

Availability (A1) - # DBE Firms in Philadelphia County Divided by # All Firms in Philadelphia County

Ethnicity	Gender	PW	PPS	SSE	All Contract Types
White	Female	X	X	X	0.08
Native Am	Male & Female	X	X	X	X
Asian American	Male & Female	X	X	X	0.01
African Am	Male & Female	X	X	X	0.47
Hispanic	Male & Female	X	X	X	0.56
<b>All MBE</b>	<b>Male &amp; Female</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>0.35</b>
<b>All</b>	<b>Female</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>Disabled</b>	<b>Male &amp; Female</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>All DBE</b>	<b>Male &amp; Female</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>0.22</b>

Sources: Utilization = MBEC Annual Participation Report (FY 2007); Availability = US Small Business Administration – Philadelphia District Office (2004)

"X" denotes data unavailable or insufficient.

**Figure 3.11 - FY 2007 Disparity Ratio (D3)**  
**Utilization (U2) - Utilization of For-Profit DBE Prime Contractors and Sub-Contractors Located in Philadelphia MSA, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors (by \$ Contracts Awarded)**  
**Availability (A3) - # DBE Firms > 1 Employee in Philadelphia MSA, Divided by # All Firms > 1 Employee in Philadelphia MSA**

Ethnicity	Gender	FY07	FY07	FY07	FY07	FY06	FY06	FY06	FY06
		PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
White	Female	X	X	X	X	X	X	X	X
Native American	Male & Female	0.03	0.00	X	0.02	0.00	0.40	X	0.00
Asian American	Male & Female	X	0.44	0.20	0.32	X	0.33	0.06	0.20
African American	Male & Female	3.22	7.87	8.13	4.32	2.70	8.80	8.80	5.20
Hispanic	Male & Female	1.19	2.91	0.99	1.66	1.70	2.60	1.30	1.80
<b>All MBE</b>	<b>Male &amp; Female</b>	<b>2.74</b>	<b>2.88</b>	<b>1.00</b>	<b>1.44</b>	<b>2.50</b>	<b>3.10</b>	<b>1.00</b>	<b>1.60</b>
<b>All</b>	<b>Female</b>	<b>1.11</b>	<b>0.45</b>	<b>0.40</b>	<b>0.52</b>	<b>1.30</b>	<b>0.30</b>	<b>0.41</b>	<b>0.40</b>
<b>Disabled</b>	<b>Male &amp; Female</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>All DBE</b>	<b>Male &amp; Female</b>	<b>1.28</b>	<b>0.93</b>	<b>0.56</b>	<b>0.72</b>	<b>1.20</b>	<b>0.90</b>	<b>0.60</b>	<b>0.70</b>

*Sources: Utilization =MBEC Participation Report (FY 2007); Availability = US Census Survey of Business Owners (2002)  
 "X" denotes data unavailable or insufficient.*

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The disparity ratios that were calculated based on the utilization and availability data sources that look at utilization and availability within the City of Philadelphia demonstrate under-utilization across the board<sup>36</sup>:

- White female owned firms located within the City of Philadelphia represented 22.0 percent of all firms located within the City of Philadelphia but received only 1.7 percent of City contracts, for a disparity ratio of 0.06.
- Asian Americans located within the City of Philadelphia represented 7.0 percent of all firms located within the City of Philadelphia but received only 0.1 percent of City contracts, for a disparity ratio of 0.01.
- African Americans located within the City of Philadelphia represented 14.8 percent of all firms located within the City of Philadelphia but received only 6.9 percent of City contracts, for a disparity ratio of 0.47.
- Hispanics located within the City of Philadelphia represented 2.5 percent of all firms located within the City of Philadelphia but received only 1.4 percent of City contracts, for a disparity ratio of 0.56.
- Minority Business Enterprises (MBE) located within the City of Philadelphia represented 24.0 percent of all firms located within the City of Philadelphia but received only 8.4 percent of City contracts, for a disparity ratio of 0.35.
- DBEs located within the City of Philadelphia represented 46.2 percent of all firms located within the City of Philadelphia but received only 10.1 percent of City contracts, for a disparity ratio of 0.22.

The disparity ratios that were calculated based on the utilization and availability data sources that look at utilization and availability within the Philadelphia MSA demonstrate relative under-utilization, but with pockets of over-utilization:

- There is overall DBE under-utilization, with a disparity ratio of 0.72; it is below 1.00 for Services, Supplies, and Equipment (SSE) contracts (0.56) and Personal and Professional Services (PPS) (0.93) contracts and above 1.00 for Public Works (PW) (1.28)
- Disparity ratios are largely unchanged from Fiscal Year (FY) 2006 results, as almost every DBE category and contract type that was below 1.0 in FY 2006 was also below 1.0 in FY 2007, and almost every DBE category and contract type that was above 1.0 in FY 2006 was also above 1.0 in FY 2007.
- Because our FY 2007 calculations used the same availability rates as our FY 2006 calculations, Native Americans (0.02 vs. 0.00) and Asian Americans (0.32 vs. 0.20) experienced higher disparity

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<sup>36</sup> Again, these disparity ratios assume that availability as calculated as the number of all DBE firms to all firms is a reasonable proxy for the proportion of RWA DBE firms to all RWA firms. As discussed above, since the vast majority of firms are very small, this may not be the most accurate proxy for true DBE availability.

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ratios as a result of higher utilization rates in FY 2007 versus FY 2006, while African Americans (4.32 vs. 5.20) and Hispanics (1.66 vs. 1.80) experienced lower disparity ratios as a result of lower utilization rates in FY 2007 versus FY 2006.

- The disparity ratios based on Philadelphia MSA data are higher than those based on City of Philadelphia data – the MBE disparity ratio goes from 0.35 to 1.44, and the DBE disparity ratio goes from 0.22 to 0.72, and they rise even more for Asian Americans (0.01 to 0.32), African Americans (0.47 to 4.32), and Hispanics (0.56 to 1.66).

## 4.0 PARTICIPATION GOALS

In this section, we offer our recommended participation goals for future Disadvantaged Business Enterprise (DBE) utilization, based on Fiscal Year (FY) 2007 DBE utilization and availability. This is an important component of what should be an overall strategy to safeguard the public interest in identifying and rectifying instances of discrimination, and proactively seeking ways to promote the inclusive participation of DBEs in economic opportunities.

We base our recommended participation goals on a comparison of current utilization rates (see Figure 4.1 (U1), Figure 4.2 (U2), and Figure 4.3 (U3)) and availability rates (see Figure 4.4 (A1) and Figure 4.5 (A3)).<sup>37</sup> For some DBE categories and some contract types, current utilization rates are lower than current availability rates (i.e. the disparity ratio is less than 1.0), while for other DBE categories and contract types, current utilization rates are higher than current availability rates (i.e. the disparity ratio is greater than 1.0) (see Figure 4.6 (D1) and Figure 4.7 (D3)).

**Figure 4.1 – FY 2007 Utilization (U1) – Utilization of For-Profit DBE Prime Contractors and Sub-Contractors Located in the City of Philadelphia, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors (by \$ Contracts Awarded)**

PW = Public Works Contracts  
 PPS = Personal and Professional Services Contracts  
 SSE = Services, Supplies, and Equipment Contracts

	FY 07	FY 07	FY 07	FY 07	FY 06	FY 06	FY 06	FY 06
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
MBE	4.1%	14.4%	3.9%	8.4%	4.5%	17.3%	4.3%	11.0%
WBE	2.5%	3.7%	5.0%	3.5%	3.1%	4.1%	3.5%	3.7%
DSBE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
All DBE*	5.6%	15.9%	6.9%	10.1%	5.4%	17.1%	7.2%	12.1%

Source: MBEC Annual Participation Report (FY 2007)

\* Note: Figures in this row are not necessarily the sum of the above three rows because of businesses who belong to more than one category.

<sup>37</sup> Insufficient data prevents us from setting goals within DBE subcategories.

**Figure 4.2 – FY 2007 Utilization (U2) – Utilization of For-Profit DBE Prime Contractors and Sub-Contractors Located in the Philadelphia MSA, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors (by \$ Contracts Awarded)**

PW = Public Works Contracts  
 PPS = Personal and Professional Services Contracts  
 SSE = Services, Supplies, and Equipment Contracts

	FY 07	FY 07	FY 07	FY 07	FY 06	FY 06	FY 06	FY 06
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
MBE	7.6%	19.4%	10.3%	13.0%	6.8%	20.6%	10.1%	14.6%
WBE	9.0%	8.1%	5.6%	8.0%	10.6%	5.7%	5.9%	7.1%
DSBE	0.1%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.1%
All DBE*	13.8%	22.9%	13.8%	17.6%	12.9%	21.5%	14.3%	17.6%

Source: MBEC Annual Participation Report (FY 2007)

\* Note: Figures in this row are not necessarily the sum of the above three rows because of businesses who belong to more than one category.

**Figure 4.3 – FY 2007 Utilization (U3) – Utilization of For-Profit DBE Prime Contractors and Sub-Contractors Located in the US, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors (by \$ Contracts Awarded)**

PW = Public Works Contracts  
 PPS = Personal and Professional Services Contracts  
 SSE = Services, Supplies, and Equipment Contracts

	FY 07	FY 07	FY 07	FY 07	FY 06	FY 06	FY 06	FY 06
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
MBE	10.1%	21.0%	10.6%	14.8%	12.1%	22.1%	11.9%	17.9%
WBE	11.2%	11.4%	6.1%	10.4%	12.2%	8.9%	6.2%	9.9%
DSBE	0.1%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.1%
All DBE*	16.5%	27.5%	14.8%	20.8%	19.6%	25.8%	16.3%	22.8%

Source: MBEC Annual Participation Report (FY 2007)

\* Note: Figures in this row are not necessarily the sum of the above three rows because of businesses who belong to more than one category.

**Figure 4.4 – FY 2007 Availability (A1) – # DBE Firms Located in Philadelphia County, Divided by # Firms Located in Philadelphia County**

Category	PW	PPS	SSE	All Contract Types
MBE	X	X	X	24.0%
WBE	X	X	X	X
DSBE	X	X	X	X
All DBE*	X	X	X	46.2%

*Source: US Small Business Administration – Philadelphia District Office (2004)*

*\* Note: Figures in this row are not necessarily the sum of the above three rows because of businesses who belong to more than one category. "X" denotes data unavailable or insufficient.*

**Figure 4.5 – FY 2007 Availability (A3) - # DBE Firms > 1 Employee in Philadelphia MSA, Divided by # All Firms > 1 Employee in Philadelphia MSA**

Category	PW	PPS	SSE	All Contract Types
MBE	2.8%	6.7%	10.3%	9.0%
WBE	8.1%	17.9%	14.3%	15.5%
DSBE	X	X	X	X
All DBE*	10.8%	24.6%	24.6%	24.6%

*Source: US Census Survey of Business Owners (2002)*

*\* Note: Figures in this row are not necessarily the sum of the above three rows because of businesses who belong to more than one category. "X" denotes data unavailable or insufficient.*

**Figure 4.6 - FY 2007 Disparity Ratio (D1)**  
**Utilization (U1) - Utilization of For-Profit DBE Prime Contractors and Sub-Contractors Located in the City of Philadelphia, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors (by \$ Contracts Awarded)**  
**Availability (A1) - # DBE Firms Located in Philadelphia County, Divided by # Firms Located in Philadelphia County**

Category	PW	PPS	SSE	All
MBE	X	X	X	0.4
WBE	X	X	X	X
DSBE	X	X	X	X
All DBE*	X	X	X	0.2

*Sources: Utilization = MBEC Participation Report (FY 2007), Availability = US Small Business Administration – Philadelphia District Office (2004)*

*\* Note: Figures in this row are not necessarily the sum of the above three rows because of businesses who belong to more than one category. "X" denotes data unavailable or insufficient.*

**Figure 4.7 - FY 2007 Disparity Ratio (D3)**  
**Utilization (U2) - Utilization of For-Profit DBE Prime Contractors and Sub-Contractors Located in Philadelphia MSA, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors (by \$ Contracts Awarded)**  
**Availability (A3) - # DBE Firms > 1 Employee in Philadelphia MSA Divided by # All Firms > 1 Employee in Philadelphia MSA**

	FY 07	FY 07	FY 07	FY 07	FY 06	FY 06	FY 06	FY 06
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
MBE	2.7	2.9	1.0	1.4	2.5	3.1	1.1	1.3
WBE	1.1	0.5	0.4	0.5	1.3	0.5	0.4	0.6
DSBE	X	X	X	X	X	X	X	X
All DBE*	1.3	0.9	0.6	0.7	1.2	1.0	0.7	0.9

*Sources: Utilization = MBEC Annual Participation Report (FY 2007); Availability = US Census Survey of Business Owners (2002)*

*\* Note: Figures in this row are not necessarily the sum of the above three rows because of businesses who belong to more than one category. "X" denotes data unavailable or insufficient.*

Based on these utilization rates and availability rates for FY 2007, we can set participation goals for FY 2008 (see Figure 4.8 and Figure 4.9). In cases where actual utilization is less than actual availability (i.e. the disparity ratio is less than 1.0, which represents under-utilization; these are signified with the prefix, "U"), we recommend that future utilization rates increase to current availability rates as measured in this analysis. We further suggest that departments that have under-achieved in this area be strongly encouraged to increase their DBE participation in the upcoming year, a recommendation that is further elaborated in the next section.

Conversely, in cases where actual utilization is greater than actual availability (i.e. the disparity ratio is greater than 1.0, which represents over-utilization; these are signified with the prefix, "A"), we recommend that future utilization rates hold at current utilization rates. We further suggest that, since the issue in these cases is not low utilization rates but low availability rates, the City work with other public and private technical assistance providers to help increase the amount of "ready, willing, and able" RWA DBE firms, a recommendation that is further elaborated in the next section.<sup>38</sup>

**Figure 4.8 – Recommended 2008 Participation Goals**

"U" = 2007 Utilization Rate > 2007 Availability Rate (i.e. disparity ratio > 1.0)  
 "U/A" = 2007 Utilization Rate = 2007 Availability Rate (i.e. disparity ratio = 1.0)  
 "A" = 2007 Availability Rate > 2007 Utilization Rate (i.e. disparity ratio < 1.0)

	FY 07	FY 07	FY 07	FY 07	FY 06	FY 06	FY 06	FY 06
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
MBE	A: 7-10%	A: 19-22%	U/A: 10%	A:13-16%	U: 5-7%	U: 16-21%	A: 8-11%	U: 9-12%
WBE	A: 9-12%	U: 17-20%	U:14-17%	U:15-18%	U: 8-11%	A: 14-18%	A: 11-15%	A: 12-16%
DSBE	X	X	X	X	X	X	X	X
All DBE*	A: 13-16%	U: 25-28%	U:25-28%	U:25-28%	U: 10-13%	A: 19-25%	A: 19-25%	A: 19-25%

Sources: Econsult Corporation (2008); Utilization = MBEC Annual Participation Report (FY 2007); Availability = US Small Business Administration – Philadelphia District Office (2004), US Census Survey of Business Owners (2002)

\* Note: Figures in this row are not necessarily the sum of the above three rows because of businesses who belong to more than one category. "X" denotes data unavailable or insufficient.

<sup>38</sup> The prefix, "U/A", signifies cases in which actual utilization was equal to actual availability, which represents neither under-utilization nor over-utilization. In such cases, the recommendation is for future utilization rates to hold steady.

**Figure 4.9 - 2008 Disparity Ratios if Recommended 2007 Participation Goals are Met and 2007 Availability Rates Hold Steady**

Category	PW	PPS	SSE	All
MBE	2.7	2.9	1.0	1.4
WBE	1.1	1.0	1.0	1.0
DSBE	X	X	X	X
All DBE*	1.3	1.0	1.0	1.0

Sources: Econsult Corporation (2008); Utilization = MBEC Annual Participation Report (FY 2007); Availability = US Small Business Administration – Philadelphia District Office (2004), US Census Survey of Business Owners (2002)

\* Note: Figures in this row are not necessarily the sum of the above three rows because of businesses who belong to more than one category. "X" denotes data unavailable or insufficient.

Thus, the ranges suggested as participation goals can be offered as benchmark utilization rates that should be strived for in FY08, with a prefix of "U" signifying cases in which DBE utilization is currently greater than DBE availability, and a prefix of "A" signifying cases in which DBE utilization is currently lower than DBE availability. These ranges acknowledge the imprecise nature of the data availability and overall approach inherent in disparity studies, and provide a citywide framework for the Finance Director's development of department-by-department participation goals, particularly in cases where under-utilization has occurred and individual departments therefore need to be identified for improvement.

Of course, setting recommended future utilization rates to meet or exceed current availability rates assumes relatively constant availability rates over time. In fact, availability rates change all the time: if the number of DBE RWA firms grows faster than the number of all RWA firms, the availability rate will increase, and previously set targets for utilization rates will result in disparity ratios lower than expected. If the number of DBE RWA firms grows slower than the number of all RWA firms, the availability rate will decrease, and previously set targets for utilization rates will result in disparity ratios higher than expected.

This is a significant overarching fact that must be taken into consideration when policymakers scrutinize these and other disparity ratios. To the extent that the problem of unusually low DBE participation in regional economic opportunities manifests itself in low availability rates, not only will this not be picked up in low disparity ratios, but disparity ratios will in fact be above 1.0. This otherwise desirable ratio masks the real problem, not just of low DBE utilization that needs to be increased but of low DBE availability that needs to be increased.

Again, this qualification applies only to situations in which availability rates are unusually low. Of course, where availability rates are relatively reasonable, a disparity ratio of over 1.0 is a very positive outcome, for it means that DBE utilization rates exceed DBE availability rates. Furthermore, even in cases in which availability rates are unusually low, leading to somewhat misleading high disparity ratios, this is still a very

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positive outcome in one sense, as it means that despite the relative lack of ready, willing, and able DBEs, City agencies were able to enable DBE participation at significant rates.

Nevertheless, in seeking to advocate for utilization rates to be as high as or higher than availability rates, it is equally important to advocate for availability rates to be higher as well. It is important to note that a disparity ratio is merely one tool for identifying any differences between utilization rates and availability rates. It is certainly a useful measure in cases in which current utilization rates trail current availability rates, and pushing for higher future utilization rates is equivalent to promoting greater DBE participation in the economic opportunities represented by City contracts. However, there should be equal attention given to situations when availability is low, in which case steps can and should be taken to provide technical assistance and organizational support to develop more qualified DBE firms and thus increase availability rates.

## 5.0 OTHER RECOMMENDATIONS

In addition to these participation goal ranges, we offer the following four sets of recommendations: study methodology and scope, policy and programming, data collection, and goal-setting (see Figure 5.1). Many of these recommendations have already been made by Econsult Corporation to the City of Philadelphia's Minority Business Enterprise Council (MBEC) in previous reports, and are now updated net of improvements that have been made and initiatives that have been undertaken since the publication of those previous reports.

These recommendations represent various improvements that can be made to improve the accuracy and usefulness of future disparity studies, to the end of more effectively monitoring the utilization of Disadvantaged Business Enterprises (DBE), as well as, more broadly, the support of minority-owned, women-owned, and disabled-owned firms in more fully participating in the various economic opportunities in the Philadelphia region. In this regard, the goal is to more closely adhere to both the "letter" of the law and the "spirit" of the law: to more effectively fulfill the specific requirements of City Ordinance 060855-A (producing an annual disparity study) as well as its overarching intent (expanding opportunities for DBE firms).

Figure 5.1 – Summary of Recommendations

<i>Recommendation Category</i>	<i>Purpose of Recommendations</i>	<i>Recommended Actions</i>
Study Methodology and Scope	To determine ways future studies can be scoped so as to more directly address the larger and more important considerations of DBE participation in the broader economy	<ul style="list-style-type: none"> <li>• Consider quasi-public entities, large local authorities, state and federal contracts, sub-contractors under non-profit prime contractors, and large non-public sector entities</li> <li>• Obtain more data on "certifiable" firms</li> <li>• Look at actual disbursements to sub-contractors</li> <li>• Look at percentages of ownership, workforce composition, and relative profit margins</li> <li>• Incorporate qualitative perspective via interviews of DBEs</li> <li>• Incorporate an ongoing "best practices" research component</li> </ul>

<i>Recommendation Category</i>	<i>Purpose of Recommendations</i>	<i>Recommended Actions</i>
Policy and Programming	To encourage initiatives that can help remedy some of the shortcomings identified in the results in terms of DBE participation in City contracts	<ul style="list-style-type: none"> <li>• Streamline certification and contract processes</li> <li>• Create value for MBEC-certified firms</li> <li>• Redouble strategic outreach efforts in key industry groups</li> <li>• Empower MBEC to follow through in instances of potential discrimination</li> </ul>
Data Collection	To provide guidance concerning the data collection process that precedes the Disparity Study	<ul style="list-style-type: none"> <li>• Centralize and automate processes via information technology systems</li> <li>• Build redundancy into the process to avoid bottlenecks and provide necessary checks and balances</li> </ul>
Goal-Setting	To provide guidance concerning the data collection process that precedes the Disparity Study	<ul style="list-style-type: none"> <li>• Be mindful to not codify too much structure into the goal setting process</li> <li>• Have separate game plans for cases where utilization exceeds availability versus where availability exceeds utilization</li> </ul>

*Source: Econsult Corporation (2008)*

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## 5.1 Study Methodology and Scope

Disparity studies serve two purposes. First, legally, they are required to initiate or sustain Disadvantaged Business Enterprise (DBE) programs. The City of Philadelphia's Ordinance 060855-A defines the scope of such an annual study. However, while that purpose may represent the "letter of the law," there is a second purpose, which represents the "spirit of law," which is to offer performance results and related guidance to encourage inclusive participation in the broader economy.

While the requirements of the Disparity Study, per the City ordinance, do get at this second purpose, they are, by themselves, an incomplete picture. As stated earlier, most people, when considering the universe of public sector procurement opportunities that are available locally, do not differentiate between what is included in this study – bidded and non-competitively bid contracts and requests for proposals from mayoral departments to for-profit prime contractors and their sub-contractors – and other procurement opportunities, such as **quasi-public entities** like the Philadelphia Industrial Development Corporation (PIDC), the Philadelphia Workforce Development Corporation (PWDC), and the Redevelopment Authority (RDA); as well as **large local authorities** that may have their own DBE programming such as the Southeastern Pennsylvania Transportation Authority (SEPTA) and the School District of Philadelphia, not to mention very large **state and federal contracts** that are fulfilled locally.

For-profit and non-profit **sub-contractors under non-profit prime contractors**, most notably for procurement opportunities that originate from the City's Department of Human Services, are also part of this landscape but not part of the scope of the City's Disparity Study. Neither are **large, non-public sector entities** such as universities, multinational corporations, and developers of large building and renovation projects.

Of course, the City has no direct authority over these entities, in terms of either requiring that DBE participation figures are reported or that consequences can be doled out in the event of poor performance. Furthermore, the "letter of the law," by itself, is sufficient for holding accountable the Mayor and Executive branch of the City, one of the main reasons for a disparity study.

Nevertheless, to the extent that a Disparity Study is used to address broader issues related to the fair participation of all people groups in the regional economy as a whole, the aforementioned categories of entities, and the procurement opportunities they represent, are very much a part of that landscape. A discussion of the health of DBE activity in the region that solely looks at the procurement opportunities circumscribed by the City ordinance that requires an annual Disparity Study would be an incomplete one.

Furthermore, the City does have some leverage to make an impact on this topic beyond the procurement opportunities that it directly controls. For example, when campaigning for Mayor, Michael Nutter pledged to increase diversity among the construction trades and he has followed through on this intention by establishing the Mayor's Advisory Commission on Construction Industry Diversity, which will hopefully call appropriate attention to DBE participation in other large contracting opportunities as well. Additional non-public sector movement can be augmented with various City-based incentives, financial or otherwise, in the form of tax credits or public recognition.

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The methodology of the Disparity Study can also be further honed to more directly shed light on minority, woman, and disabled participation in the broader economy. For example, participation rates are currently measured according to contracts awarded (to prime contractors) and dollars promised (to sub-contractors). There are certainly variances in the amounts the City awards to winning bidders and the amounts that are actually paid for those contracts, and there are also certainly variances in the amounts prime contractors promise to sub-contractors that they have enlisted to be part of their team and the amounts that are actually disbursed to those sub-contractors.

Since it is the **actual funds disbursed** and not those awarded that constitute economic gain, the calculated results of a Disparity Study will differ from what is actually taking place in reality to the extent that such variances exist. Currently, MBEC and the City do not have the technological or organizational infrastructure in place to measure either dollars disbursed by the City to prime contractors or dollars disbursed by prime contractors to their sub-contractors, but measuring those amounts would ensure that a more direct accounting of the distribution of economic gains was made.

The Disparity Study in its current design also does not account for three important gradients in economic benefit enjoyed by DBE firms. First, firms can currently be deemed as DBE or not, without regard to percentages of ownership. Particularly for larger firms, gradients of DBE ownership matter: the difference between 0 percent DBE ownership and 49 percent DBE ownership are significant but both would currently be considered non-DBE; and the differences between 51 percent DBE ownership and 100 percent DBE ownership are significant but both would currently be considered DBE.

Second, there is no accounting for workforce composition, despite the fact that economic benefits of City government procurements are enjoyed by both owners and workers. It may be instructive to differentiate, for example, between a DBE firm that employs few or no minorities, women, and/or disabled people, which would technically add to the City's participation numbers, and a non-DBE firms that employs many or all minorities, women, and/or disabled people, which would not technically add to the City's participation numbers. Here we are not speaking of fraudulent practices, in which an otherwise majority-controlled firm has a minority, woman, or disabled person as majority owner in name only, since MBEC is vigilant in its efforts to make sure such firms are not certified. Rather, we are referring to legitimate enterprises whose workforce composition may differ from their ownership composition, such that it may be somewhat misleading to characterize the scale of their inclusion of minorities, women, and the disabled solely on the basis of ownership status.

Third, different industries and opportunities may have drastically different profit margins involved, further affecting the true amount of economic benefit derived from various prime contractors and sub-contractors that participate in City contracts. For example, purchases of supplies and equipment may be very low-margin in nature: a DBE firm may be awarded a contract to buy office supplies or telecommunications equipment, and have to turn around and pay the vast majority of the contract amount to a non-DBE wholesaler (or vice versa: the awarded firm might be a non-DBE who then purchases the items from a DBE wholesaler). In contrast, purchases of professional services may be very high-margin in nature: a DBE (or non-DBE) firm that is hired to provide planning services might incur very little in expenditures beyond labor costs, and thus reaps a very high proportion of the total value of that contract.

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As with our previous discussion about which procurement opportunities to include in the Disparity Study, the recommendation is not so much to expand the scope of the Disparity Study to account for these differences in the “letter of the law” and the “spirit of the law.” After all, ownership percentages, workforce composition, and profit margins change constantly; to monitor and report on DBE participation at that level of detail would be computationally cumbersome. Rather, we intend to highlight that these differences do exist, and that therefore the results of the Disparity Study should be interpreted accordingly, with these additional points of context to round out the evaluation. Nevertheless, while extra data collection carries a cost with it, it may very well be that from a public policy standpoint, the City is interested in this higher level of detail, and may therefore decide to gather and analyze these additional pieces of information, either periodically or regularly.

Certainly, the above recommendations demonstrate that a Disparity Study, and the broader exploration of DBE participation in the overall economy, cannot simply be reduced to a quantitative exercise. Accordingly, we offer two additional recommendations that can fill in some of the qualitative elements of this topic. To begin with, we encourage the addition **interviews of both procurement officers and DBE firms** to the scope of the Disparity Study. The goal of these conversations would be to augment the quantitative data that is used to measure DBE participation in the City with anecdotal evidence that can provide the necessary context for that data. Such efforts can also perhaps identify areas of concern more successfully, from which new programming and/or modifications to existing programming can be initiated. Such interviews have become a regular element of a number of disparity studies across the country.

Similarly, the Disparity Study scope can be broadened to include explorations of **“best practices” across the country**. The City of Philadelphia’s Minority Business Enterprise Council (MBEC) is currently mindful of policies and programming that other cities and states offer to encourage DBE participation, and an annual review of new ideas could assist that effort and provide the City with additional guidance in making necessary policy and administrative improvements.

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## 5.2 Policy and Programming

The stated purpose of the City of Philadelphia's Minority Business Enterprise Council (MBEC) is to facilitate relationships between Disadvantaged Business Enterprises (DBE) and City agencies, for the purpose of generating growth opportunities for DBEs and quality products and services for the City. As such, one important area of improvement is in the **streamlining of MBEC's certification process**. A cumbersome certification process discourages certifiable business owners from becoming certified, and perhaps, as a result, from pursuing City contracts.

When this happens, it is an unfortunate result both for the business owner as well as the City, which loses out on the opportunity to have one more qualified firm among its applicant pool for various procurement opportunities. It is a point that deserves to be repeated: more MBEC-certified DBE firms is a good thing, as it means more DBE firms that are receiving extra assistance in connecting to City contract opportunities, as well as more DBE firms for the City to choose from in awarding those contract opportunities.

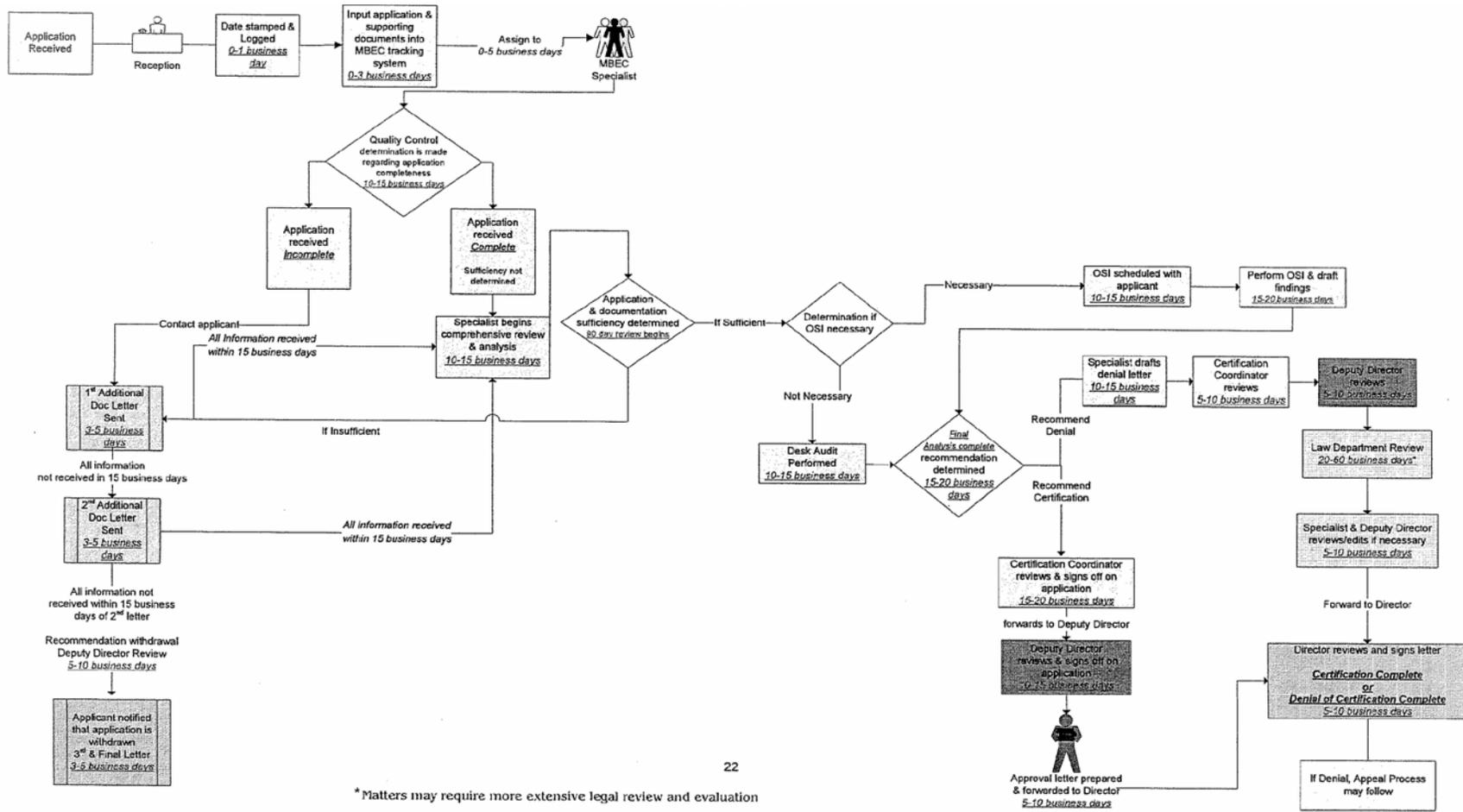
Unfortunately, MBEC's current certification process is not very easy (see Figure 5.2). In fact, MBEC's stated turn-around goal of 90 days from application to certification is over four times the average turn-around time for New York City's Minority- and Women-Owned Business Enterprise Program, which is 20 days.<sup>39</sup> Consequently, some DBE firms are hindered in doing business with the City, while for other, certifiable firms that are able to secure City contracts, participation is not properly accounted for in the Disparity Study.

Recognizing these challenges, the Nutter administration has proposed to eliminate tedious paperwork and make certification less complicated by, among other methods, combining the City's certification process with those of the Commonwealth of Pennsylvania and of the Southeastern Pennsylvania Transportation Authority (SEPTA). Faster turn-around times can also be accomplished by dedicating more staff to the effort and/or making technology investments to make processes more automated.

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<sup>39</sup> Bear in mind also that there are a higher proportion of non-English speakers in New York City than in Philadelphia, which would suggest that more resources and more time would be needed to process applications there.

Figure 5.2 – Current MBEC Certification Process



Source: Minority Business Enterprise Council (2007)

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In addition to generally making it easier for all DBE firms to become MBEC-certified, MBEC can also **add more value to the certification status**. MBEC-certified firms could be first in line to receive notice and information regarding upcoming City contract opportunities. MBEC could also take a more pro-active role in regularly communicating with City agencies to inform them of particular DBE firms that might be of use to them, and of ways requests for proposals can be structured to be encourage to DBE participation.

On a related note, MBEC can work with the Nutter administration and with individual departments to determine commodity and industry areas in which DBE firms are under-represented in City contracts. From there, continued **strategic outreach to identify DBEs in these groups** can serve the dual purpose of making more DBE firms aware of their value to the City and of connecting the City to a broader applicant pool of qualified candidates for various products and services.

Mayor Nutter has pledged to work with local chambers of commerce in this way, to make it easier to identify qualified DBE firms and connect them to areas of particular need with the City's purview. A useful framework to emulate may be the Pennsylvania Minority Business Enterprise Center's (PA-MBEC) University Purchasing Initiative, which seeks to maximize procurement opportunities for DBE firms by proactively creating partnerships and systems of support that allow such firms to access contracting opportunities. The University of Pennsylvania, Drexel University, and Community College of Philadelphia are among the participating academic institutions that have benefited from the strategic efforts of PA-MBEC to facilitate these connections. The City should consider this route, whether establishing their own collaborative initiatives or connecting in to existing ones.

As noted in the previous section, the emphasis on utilization versus availability will depend on past performance. For DBE categories, contract types, and City departments in which utilization rates lagged behind availability rates, special efforts should be undertaken to increase utilization rates. Conversely, for DBE categories, contract types, and City departments in which utilization rates were higher than availability rates, current utilization efforts should be commended and repeated, but the City should work with public and private sector technical assistance providers to increase the pool of qualified DBE firms and thus increase availability rates.

Finally, the City should consider empowering MBEC to move beyond a monitoring and certification role, to work with other City agencies, most notably the Law Department and the Procurement Department, to follow through on instances of potential discrimination. Said another way, any effort to identify and remedy discriminatory practices should necessarily include the participation of MBEC, since it is already involved in the bidding process and is in regular contact with its DBE-certified firms. Whatever official authority is granted to MBEC to participate in such cases, the intent is for MBEC to act as (and be seen as) an advocate within the City administration for DBE firms.

All of these recommendations represent resource allocation and organizational management decisions at the highest level of decision-making: MBEC can do what is within its power to do as it relates to providing prompt and professional service to the firms whose certification applications it processes, but it is the Mayor and City Council that must decide at what funding level and with what organizational entity it is to encourage inclusive participation of DBE firms in the economic opportunities represented by City contracts. In fact, the City's most recent Five-Year Plan (for Fiscal Years 2009 to 2013) describes the Nutter Administration's intention to reorganize the functions currently carried out by MBEC under a new Economic

Opportunity Cabinet. Whatever the organizational mechanism and at whatever funding level, the people and entities responsible for these functions should be mindful of the policy and programming themes described in this section.

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### 5.3 Data Collection

The accuracy of the Disparity Study can only be as good as the accuracy of the data from which it is derived, namely the annual Participation Report produced by the City of Philadelphia's Minority Business Enterprise Council (MBEC). Similarly, to the extent that the Participation Report requires extra time to complete, this delays the production of the Disparity Study. In both cases, automation and redundancy, both of which can be facilitated by technology systems, can minimize the effects of human error and reduce delays associated with coordinating data and tasks within a large government bureaucracy.

Not surprisingly, many governments have **automated their Disadvantaged Business Enterprise (DBE) certification, contract processing, and ongoing compliance systems**. The upfront expenditures these governments have made in technology and in reorganization are considered investments in the monitoring process, and speak to the value they place on accuracy and speed, as well as on the overall function of tracking DBE participation. Such steps also enable participation results to be more effectively integrated into a broader strategy of inclusion and accountability.

- The City of Houston uses a web-based software platform called B2GNow to track information on the DBE status of a vendor, as well as contracts awarded and dollar amounts paid, all in one consolidated system.
- The City of Phoenix uses its organizational and technology systems to report results based on actual payments made to sub-contractors, because it has a compliance team that monitors all active contracts and follows up with prime contractors to submit proof of payments to certified sub-contractors.
- The State of Maryland, through its Governor's Office of Minority Affairs, requires departments to appear before the Governor's office on a monthly basis to discuss contracting numbers that are uploaded to StateStat.

In contrast, the data that are kept within the City that are relevant to MBEC's production of its annual Participation Report are **not easily coordinated and in many cases are quite siloed** (see Figure 5.3 and Figure 5.4). Needless to say, multiple data sources sitting on multiple software platforms, managed by multiple administrators, and accessed by multiple users within the City, do not together lend themselves to a data collection and analysis process that is either automated or efficient.

**Figure 5.3 – Data Sources Used by the Office of the Director of Finance to Produce Participation Reports**

<i>Data Source</i>	<i>Description</i>	<i>Software Platform</i>	<i>User Base</i>	<i>Owner</i>	<i>Administrator</i>
ACIS	Professional services (PPS) contract information	Oracle (installed locally)	Citywide specialists	Managing Director's Office (MDO) / Finance	Finance, outside vendor (ISP)
ADPICS	Purchasing information	Mainframe system (attachments not allowed)	Citywide specialists	Procurement	Mayor's Office of Information Services, outside vendor (TIER)
FAMIS	Accounts payable, check writing <sup>40</sup>	Mainframe system (attachments not allowed)	Citywide specialists	Finance	Mayor's Office of Information Services, outside vendor (TIER)
MBEC application tracking	Collection of data on MBEC-certified firms	Microsoft Access, Microsoft SQL	MBEC	MBEC	Administrative Services Center – Information Technology, outside vendor (ENIW)

<sup>40</sup> Miscellaneous Order Purchases (MOPs) and Small Order Purchases (SOPs) are kept on FAMIS.

<i>Data Source</i>	<i>Description</i>	<i>Software Platform</i>	<i>User Base</i>	<i>Owner</i>	<i>Administrator</i>
SPEED	Public Works (PW) / Services, Supplies, and Equipment (SSE) contract information	Microsoft Access, Microsoft SQL	Procurement	Procurement	Administrative Services Center – Information Technology
Symtrac / IMPACT (not yet fully implemented <sup>41</sup> )	Collection of invoice and payment information from subcontractors	Web-based, Microsoft SQL	MBEC, vendors	MBEC	Administrative Services Center – Information Technology, outside vendor (Symboit)
WebProcure (not yet fully implemented)	Replacement of ADPICS and SPEED, new features for procurement processing	Web-based, Oracle	Procurement, citywide specialists, vendors	Procurement	TIER

*Source: Minority Business Enterprise Council (2007)*

<sup>41</sup> If fully implemented, Symtrac would allow Annual Participation Report results to be shown in terms of actual funds disbursed.

**Figure 5.4 – Data Collection Process Currently Employed by the Office of the Director of Finance**

<i>Step</i>	<i>Entity</i>	<i>Action</i>	<i>Notes</i>
<b><u>Ongoing</u></b>		<b><u>Maintain various databases</u></b>	
Ongoing	Finance	Maintain FAMIS data	MOPS and SOPS data
Ongoing	MBEC	Maintain DBE-certified list	
Ongoing	MBEC	Maintain S&C forms	DBE solicitations and commitments
Ongoing	MDO / Finance	Maintain ACIS database	PPS bid data
Ongoing	Procurement	Maintain ADPICS database	Purchasing data
Ongoing	Procurement	Maintain SPEED database	PW / SSE bid data
<b><u>1</u></b>		<b><u>Download PPS, PW, and SSE data</u></b>	
1a	ASCIT	Download PPS data from ACIS into Microsoft Excel	Add race/ethnicity/location data from DBE-certified list
1b	ASCIT	Download PW and SSE data from SPEED into Microsoft Excel	Add race/ethnicity/location data from DBE-certified list
1c	ASCIT	Calculate DBE participation per contract	
1d	ASCIT	Categorize PW and PPS results by department	SSE contracts are citywide

<i>Step</i>	<i>Entity</i>	<i>Action</i>	<i>Notes</i>
<b><u>2</u></b>			
<b><u>Download MOPs and SOPs data</u></b>			
2a	ASCIT	Download MOPs and SOPs data from FAMIS into Microsoft Excel	Add gender/race/ethnicity data from DBE-certified list
2b	ASCIT	Calculate DBE participation per contract	Separate out non-profit contracts
<b><u>3</u></b>			
<b><u>Produce preliminary Participation Report results for internal verification</u></b>			
3a	ASCIT	Consolidate DBE participation per contract results into DBE participation per department results	
3b	ASCIT	Distribute draft results to MBEC Coordinators	
3c	MBEC – Coordinators	Verify PPS / PW / SSE results against S&C forms, note any changes and return to ASCIT	
3d	ASCIT	Make any changes vis a vis ACIS / ADPICS / SPEED, distribute revised draft results to Procurement	
3e	Procurement	Verify PPS / PW / SSE results against S&C forms, note any changes and return to ASCIT	

<i>Step</i>	<i>Entity</i>	<i>Action</i>	<i>Notes</i>
3f	ASCIT	Make any changes ACIS / ADPICS / SPEED, distribute revised draft results to MBEC Coordinators	
3g	MBEC – Coordinators	Re-verify results	
<b><u>4</u></b>	<b><u>Produce preliminary Participation Report results for external verification</u></b>		
4a	ASCIT	Distribute draft results to MBEC Special Projects	
4b	MBEC – Special Projects	Distribute draft results to 26 City departments	Meet with departments as necessary to discuss results
4c	26 City departments	Verify draft results against S&C forms, note any changes and return to MBEC Special Projects	Verify against their own internal records as well, if available
4d	MBEC – Special Projects	Distribute changes to ASCIT	
4e	ASCIT	Make any changes vis a vis ACIS / ADPICS / SPEED	Meet with departments as needed to discuss changes
4f	ASCIT	Verify that all contracts are conformed	I.e. that they have been properly formalized by the Law Department

<i>Step</i>	<i>Entity</i>	<i>Action</i>	<i>Notes</i>
<u>5</u>		<u>Prepare the Participation Report</u>	
5a	ASCIT	By contract type (PW / PPS / SSE), for prior year and current year; DBE category <sup>42</sup> by prime and sub	
5b	ASCIT	By race/ethnicity; by contract type (PW / PPS / SSE)	
5c	ASCIT	By mayoral department; by contract type (PW / PPS / SSE)	
5d	ASCIT	For NTI, Pension / Investment Fees, Risk Management / Bond Issue Fees	
5e	ASCIT	For PIDC, PHDC, PWDC, PHA	

*Source: Minority Business Enterprise Council (2007)*

Nevertheless, in the quest for greater and great efficiency, it is important when considering the information, technology, and human elements of the data collection process to **build redundancy in to ensure accuracy and prevent costly delays**. Too many steps in the various processes coordinated by MBEC were doable by one person, whether because of authorization or skill; in such cases, when that one person is out of the office, or, even worse, if he or she leaves their position altogether, the process can grind to a halt. Similarly, redundancy of technology systems can ensure that data are safeguarded and that the accuracy of results is verified. To the extent that it provides the necessary checks and balances and reduces unnecessary delays, redundancy is the complement to, and not the enemy of, efficiency.

<sup>42</sup> I.e. Minority Business Enterprise (MBE), Woman Business Enterprise (WBE), and Disabled Business Enterprise (DSBE).

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## 5.4 Goal-Setting

When transferring Disparity Study results from one year into participation goals for the next year, it can be tempting to codify the process. In fact, the Departments of Transportation (DOT) for both Colorado and North Dakota employ a formula that calculates future participation goals based on past utilization and availability rates.

This does have the benefit of providing purely analytical, apolitical goals. Nevertheless, the advantages of such a circumscribed method must be weighed against its disadvantages when compared to a more flexible approach. The formulas used by the aforementioned DOTs do provide a useful check against concerns that goals are being set in an irrational or capricious manner; but a more tightly defined set of rules may bind the government entity from advancing “stretch” goals that push its leaders and its departments towards better DBE participation results. **More flexibility** also enables goals to be set in the context of other considerations that may make preferred future participation levels significantly different than past utilization and availability rates, such as special initiatives that have been advanced or changes in the composition of the government jurisdiction by industry and/or ethnicity.

An annual disparity study may advise on the topic, MBEC may offer its perspective, and the Finance Director may propose his or her levels, but ultimately it is incumbent on the Mayor and City Council to approve, and then strive for the accomplishment of, the participation goals that are set by the Finance Department. In that regard, while it may appear that tightly defined parameters for goal-setting are helpful, greater flexibility to account for other decision-making factors may be preferred.

Importantly, both utilization and availability separately provide an understanding of the health of Disadvantaged Business Enterprises (DBE) in a region. Utilization rates indicate the proportion of contracts that are being awarded to various DBE classifications. Availability rates indicate the proportion of ready, willing, and able firms in the region that are of various DBE classifications. To the extent that the purpose of commissioning a Disparity Study is for more than just the “letter” of the law (providing legal grounds for initiating or sustaining a DBE program, holding the Mayor and his or her administration accountable for their purchasing decisions) but seeks to encompass the broader aim of ensuring fair DBE participation in the overall economy, the City can and should take interest in both utilization and availability.

When utilization lags behind availability, **the City can and should make special effort to increase DBE utilization**, as this brings under-utilized DBE categories more fully into the greater economic opportunities represented by City contracts. As the Disparity Study portrays results by department, under-performing departments can be quickly identified and specific action items and accountability mechanisms put into place to ensure that under-performance is not repeated in subsequent years. Similarly, high-performing departments should be recognized and encouraged to continue their commendable efforts in DBE utilization.

Conversely, when availability lags behind utilization, the City also can and should take action. Low availability rates relative to past utilization rates usually mean that while the City has done a commendable job of fairly distributing contracts to DBE categories, there is **an unacceptably low pool of qualified DBE firms** from which to choose. The City can take action in two ways.

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- First, it can facilitate the process by which qualified DBE firms become known to the City as ready, willing, able: the Office of the Director of Finance can streamline its certification process, or proactively reach out to DBE firms in under-represented industry categories.
  - Second, the City can collaborate with public and private sector entities that work with DBE firms. It can strategically mobilize its resources, authority, and reach in a coordinated and collaborative fashion to connect DBE firms with the capital, technical assistance, and professional networks needed to build capacity and better compete for City contracts, not to mention other public and private sector contract opportunities. The proof of success in this arena will be twofold: availability rates will rise and the increased pool of qualified DBE firms will likely lead to higher utilization rates as well.

Ultimately, as noted in the data collection recommendations in the previous section, achievement of participation goals and other objectives related to DBEs requires government-wide action. The Office of the Director of Finance may have the literal responsibility to set participation goals, but top leadership and policymakers must express in word and deed their commitment to DBEs, and departments and agencies must share with the Office of the Director of Finance and with the City of Philadelphia's Minority Business Enterprise Council (MBEC) the burden of identifying past areas of insufficient DBE participation and of pushing for greater future DBE participation.

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## APPENDIX A: ADDITIONAL DOCUMENTATION OF AVAILABILITY DATA APPROACH

### A.1 Utilization - MBEC Participation Report (U1-U3)

In order to obtain all the utilization figures used in this report, we used both the “Fourth Quarter FY 2007 Participation Report” and “Listing of MBEC-certified DBEs” reports provided by the City of Philadelphia’s Minority Business Enterprise Council (MBEC). The former document contains all the contracts that have been awarded to Disadvantaged Business Enterprises (DBEs) throughout the year and provides the company name, the race and gender of the minority business owners, as well as the contract amount. The Participation Report is further subdivided by contract type and provides the above-mentioned detail for the Public Works; Supply, Services and Equipment; and Professional and Public Services categories.

1. In order to classify each contract on the Participation Report as belonging to one of the three geographical categories identified by MBEC, namely “City”, “Metro”, and “All”, we first identified the component parts of the Philadelphia Metropolitan Statistical Area (MSA)<sup>43</sup> as defined by the Office of Management and Budget and listed on the US Census Bureau site at <http://www.census.gov/population/estimates/metro-city/0312msa.txt>. The counties included in the MSA are:
  - Burlington County, NJ
  - Gloucester County, NJ
  - Chester County, PA
  - Montgomery County, PA
  - New Castle County, DE
  - Salem County, NJ
  - Camden County, NJ
  - Bucks County, PA
  - Delaware County, PA
  - Philadelphia County, PA
  - Cecil County, MD
2. In order to identify the vendors falling under each location category, we obtained a zip code database list through [www.zip-codes.com](http://www.zip-codes.com). This database provides all the towns and zip codes of every county in the MSA territory.
3. By using an Excel “lookup” function, we were able to link the two documents listed above and to automatically assign a category, such as “City” or “Metro”, to each vendor by comparing the vendor’s actual zip code as provided in the “Listing of MBEC-certified DBEs” spreadsheet to the database we had compiled.

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<sup>43</sup> The Philadelphia MSA is an 11-county region is the modern equivalent of the 9-county Primary Metropolitan Statistical Area (PMSA) used in the DJ Miller & Associates report.

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4. The vendors registered outside of either the “City” or “Metro” categories were counted under the third category, “All”.
  5. Although we were unable to locate some of the vendors that are listed on the Participation Report as having received contracts on the list of MBEC-certified DBEs, we performed additional research via the Internet, as well as through MBEC’s website in order to establish their location and thus classify them correctly.
  6. After flagging each vendor as either “City” or “Metro” we separated all contract awards by the gender or ethnicity of the firm’s owner in order to obtain the total contract amounts applicable to each category in the Utilization table.
  7. We performed the same steps in order to assign a vendor location to each vendor and to sum up the total contract amounts for each ethnic or gender category for each of the contract types listed in this report.
  8. In order to present the data in the format required by MBEC, and in order to ease comparison with previously conducted disparity studies, we consolidated the data from the Participation Report into the following three categories according to the contract type:
    - a. Public Works (PW)
    - b. Personal and Professional Services (PPS)
    - c. Supplies, Services, and Equipment (SSE)

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## A.2 Availability

### A.2.1 US Small Business Administration, Philadelphia District Office (A1)

In 2004, the Philadelphia District Office of the US Small Business Administration produced counts of firms by ethnicity and gender for Philadelphia County. This data does not appear to be publicly available, but was made available to Econsult Corporation through the City of Philadelphia's Minority Business Enterprise Council (MBEC). This data enables a calculation of availability at the City level, which, when matched with utilization at the City level, allows us to produce a disparity ratio sized to the City level.

### A.2.2 US Census (A2-A5)

The majority of the availability data used in our study comes from the Economic Census conducted every five years by the US Census Bureau. In particular, we used the Survey of Business Owners (SBO), which, since 2002, is a consolidation of two former studies, the Survey of Minority- and Women-Owned Business Enterprises (SMOBE/SWOBE).<sup>44</sup>

SBO data reports provide information on US businesses by geographic location, by the gender and ethnic origin or race of business owners, by the 2-digit industry classification code according to the North American Industry Classification System (NAICS), and by size of the firms in terms of total employment and revenues.

SBO data are available through the Company Statistics Division of the US Census Bureau at <http://www.census.gov/csd/sbo/index.html> and through the American FactFinder website of the U.S. Census Bureau, available at:

*[http://factfinder.census.gov/servlet/EconSectorServlet?caller=dataset&sv\\_name=2002+Survey+of+Business+Owners&\\_SectorId=\\*&ds\\_name=EC0200A1](http://factfinder.census.gov/servlet/EconSectorServlet?caller=dataset&sv_name=2002+Survey+of+Business+Owners&_SectorId=*&ds_name=EC0200A1)*

We used the following process to calculate availability rate using census data:

1. Start by going to the American FactFinder website listed above, which can be reached by going first to the American FactFinder homepage.

*[http://factfinder.census.gov/home/saff/main.html?\\_lang=en&\\_ts=](http://factfinder.census.gov/home/saff/main.html?_lang=en&_ts=), and clicking on the "Get Data" link under "Economic Census."*

2. Once opened, the link automatically connects to the 2002 Economic Census dataset. Click on the "2002 Survey of Business Owners" link under "Detailed Statistics."

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<sup>44</sup> The latest year for which SBO data are available is 2002, which is the dataset we used for this report. The 2007 data is expected to be available in early 2009.

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3. The page that opens up has three tabs that allow for data to be searched by sector, keyword, or geography. Click on the third tab, “filter by geography/industry/data item”.
  4. Click on the box that says “Geographic Area” and select “Metropolitan Statistical Area/Micropolitan Statistical Area” from the dropdown menu under “geographic type”. Once the list of options appears, scroll down and select “Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metro Area” and click OK on the right. The datasets available for the Philadelphia Metropolitan Statistical Area (MSA) will appear in the window below.
  5. The first dataset from the list of eleven ones that are applicable for the MSA is called “SBO: Geographic Area Series: Economy-Wide Estimates of Business Ownership: 2002” and is a summary view of the rest of the reports listed. It provides the following data:
    - Total number of employer and non-employer firms in the MSA and their total receipts for all industry sectors and for all gender and ethnic categories, including majority-owned firms;
    - Total number of employer and non-employer firms and their total receipts in the MSA by ethnic category (Hispanic or Latino; Black or African American; American Indian and Alaska Native; Asian American; Native Hawaiian or Other Pacific Islander) *in all industry sectors*;
    - Total number of employer and non-employer firms and their total receipts in the MSA by the above-listed ethnic categories *in each industry sector*.
    - The rest of the reports are from the Company Statistics Series and provide similar data but each only covers individual ethnic categories. For example, one of the reports is called “SBO: Asian: MSA by KOB: 2002”, or “SBO: Company Statistics Series: Statistics by Kind of Business for Selected Metropolitan Statistical Areas with 100 or More Asian-Owned Firms: 2002”. Each report from this series provides the same data as the first report mentioned above but *only* for the identified ethnic category.
    - Data pertaining to women-owned businesses is included in a separate report called “SBO: Women: MSA by KOB: 2002.”
    - The SBO does not collect data on disabled-owned business enterprises (DSBE).
  6. In order to collect Availability data that adequately corresponds to the three contract types identified in the Utilization calculations, namely Public Works; Personal and Professional Services and; Services, Supplies, and Equipment, we associated each contract type with one or more industry sectors as classified by the North American Industry Classification System (NAICS) (see Figure A.1).

**Figure A.1 – Contract Type by NAICS Code**

<u>Contract Type</u>	<u>NAICS Industry Sector Code and Description</u>
Public Works (PW)	23, Construction
Personal and Professional Services (PPS)	54, Professional, Scientific, and Technical Services
Supplies, Services, and Equipment (SSE)	44 – 45, Retail Trade
	42, Wholesale Trade
	51, Information

*Source: Econsult Corporation (2007)*

7. As an example, to obtain data on the total number of African American-owned firms in the MSA and their total revenues for each contract type, the following steps could be taken:
- Open the dataset called “SBO: Black: MSA by KOB: 2002”.
  - The topmost line of the report provides the data for African American-owned firms in all sectors of the economy: there are a total of 24,486 firms with receipts amounting to \$2,022,906,000. Of them 2,442 were employer firms, i.e. establishments with more than one employee, and they had receipts of \$1,567,034,000. Further, the report provides data on the number of employees and the firms’ annual payroll, which have not been used for the purpose of this Disparity Study.
  - The next lines break down the numbers by NAICS industry codes. For example, if we want to find data for the availability of firms in the Public Works sector, we can go to the second page and see that there were 1,313 firms in the Construction sector (NAICS code 23), of which 174 were employer firms with revenues of \$140,066,000.
  - For various reasons, the Census reports do not provide data for all the categories and subcategories. There are two major data error classifications:
    - “D - Withheld to avoid disclosing data for individual companies; data are included in higher level totals”
    - “S - Withheld because estimate did not meet publication standards”

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- The SBO datasets also do not provide sufficient cross-reference detail in the sense that one could not find data on the number of business owners who are both women *and* belong to an ethnic minority.

### A.2.3 Procurement Office Vendor List (A6-A7)

Another way that we chose to study the availability of firms in the Philadelphia MSA was to look at all the firms that have registered with the City's Procurement Office and whose physical address was within the Metropolitan area.

1. The list of companies registered to do business with the City of Philadelphia, provided by the Procurement Office, included 54,288 firms.
2. Since we only needed the total number of firms in the Philadelphia MSA and not those whose physical location was outside of it, we used a zip code database, obtained from [www.zip-codes.com](http://www.zip-codes.com), in order to flag in an Excel spreadsheet all vendors as either belonging to the "Metro" category or not. By compiling a database of all zip codes of the counties included in MSA and by comparing each vendor zip code against that database, we were able to determine the count and breakdown all vendors on the Procurement Office list by the minority- or women-owned business category. We found out that there were no disabled-owned businesses in the Philadelphia MSA in the Public Works or Services, Supplies, and Equipment categories.
3. From those identified as falling under the "Metro" location category, 31,223 in total, we further pulled out only those vendors whose contracts awarded pertained either to the Public Works or to the Services, Supplies and Equipment categories. We were informed by MBEC, as well as by the Procurement Office, that Personal and Professional Services contracts are performed through the e-contracts system of the City of Philadelphia and therefore are not included in the Procurement Office's Vendor List. Further, such Vendor List could not be obtained because the e-contracts department does not maintain such a list.
4. By using a pivot table to analyze these records, we were able to calculate the total number of firms under the minority- or women-owned businesses classification categories.
5. By using these data, there were two different ways of approaching the disparity ratio: either by comparing the total number of DBE firms registered with MBEC (from MBEC's Race Detail Report) to the total number of firms registered with the Procurement Department, or by comparing the total number of DBE firms to the total number of firms registered with the Procurement Department, i.e. comparing a subset to the total within the same data pool. We have provided both variations.

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## A.2.4 Central Contractor Registration (Formerly SBA PRO-Net)

Another way to identify the total availability of firms located within the Metro Area was to query the Central Contractor Registration database (formerly known as SBA Pro-Net). In an effort to simplify the federal contracting process, the US Small Business Administration, Department of Defense, Office of Management and Budget and General Services Administration have integrated the Pro-Net system into the Department of Defense's Central Contractor Registration site. In this way, the federal government is eliminating its former practice of asking vendors to register with all the different agencies they work with by creating a single portal for vendor registration that extends to the entire government. The vendor database can be accessed at [www.ccr.gov](http://www.ccr.gov), or directly by visiting the following link:

1. Go to [http://dsbs.sba.gov/dsbs/search/dsp\\_dsbs.cfm](http://dsbs.sba.gov/dsbs/search/dsp_dsbs.cfm).
2. The page that opens is the database search engine. It allows data to be filtered by various filters, such as by location, by small disadvantaged business status, by minimum bonding level, by size of firm, etc.
3. In the Metropolitan Statistical Area box (underneath the state list on top of the page) enter the 4-digit code corresponding to the Philadelphia (MSA), 6160, in order to query only those records pertaining to it.
4. Scroll down to the "Other Ownership Data" section and check the "Minority" box in order to obtain all the minority-owned firms registered with CCR, totaling 1,158. Running the query again with the "Woman/Women" box checked and the "Minority" box unchecked will bring up all the businesses in the MSA area that are owned by women, totaling 1,482. Checking both boxes will produce the firms owned by women who are also members of ethnic minorities, or 389 firms.
5. Scroll down to the "Size" section and select the "At least" option and type in the number 1 in the box that corresponds to the number of employees. In this way, the resulting Vendor List will only show employer firms, i.e. firms with more than 1 employee.
6. This search engine allows for the manipulation of the columns of the dataset. Click on "Edit the columns to be displayed" box toward the bottom of the page. In the upper right corner the box that says "Fields to be Displayed" lists the default information that will appear as the outcome of the search. Click on each individual one and hit "Remove". Then, on the left, click on the following fields in order to add them to the "Field to be Displayed" list: "Name of Firm", "City", "State", "Zip", "Minority?", "Women-Owned Business?", and "NAICS, All (for which firm is small)". By eliminating the default field "Address and City, State, Zip" and replacing it with individual fields for each component of the address, the analysis of the data in an Excel spreadsheet is simplified.
7. When the search settings are all entered, from the dropdown menu next to "Maximum number of firms to be returned at a time" change the number to 1,500 and then click on "Search using these criteria" box at the bottom of the page. The Vendor List that is returned can be copied and pasted onto an Excel spreadsheet for further manipulation.

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8. After we performed the steps described above, we used the NAICS scheme outlined under the US Census methodology section in order to count the number of firms that do business in the Construction, Professional, Scientific, and Technical Services, Retail and Wholesale Trade, and Information sectors and that we had established as analogous to the three contract types analyzed in this study. NAICS codes produced by the CCR vendor report are 5-digit numbers, corresponding to a more detailed level of industry descriptions, so in order to count the number of firms operating under the general headings of Construction, Retail Trade, etc. we counted the number of codes whose first two digits only are a match to the codes we were looking for.
  9. Next, we flagged each vendor identified as falling under the industry categories mentioned below by further assigning an ethnic or gender flag to it. In this way we were able to obtain the total number of Minority Business Enterprises (MBEs) or Women Business Enterprises (WBEs) operating in each industry sector of interest.

## APPENDIX B: DISPARITY STUDY DATASET AND RELATED FILES

File Name	Type of file	Description
"MBEC Vendor and Commodity List 3-19-08 "	MS Excel (.xls)	The original file provided to Econsult by MBEC listing all current certified vendors. We have added columns with calculations allowing us to flag each vendor location in terms of "City" or "Metro" and to sum up the total count.
"MBEC 4Q Report - final-04-2-08"	MS Excel (.xls)	The original file provided to Econsult by MBEC listing all prime and subcontract vendors along with contract amounts. In addition, we have added columns to flag each vendor under each applicable category (MBE/WBE/DSBE) as belonging to either the "City" or "Metro" classification, as well as to calculate the total contract amount by location ("City" or "Metro") and by ethnicity and/or gender.
"Procurement Vendor List 3-19-08"	MS Excel (.xls)	A list of vendors registered with the City's Procurement Office, provided by same. We have added columns with calculations in order to count the number of vendors by contract type in the Metro area. Also, we have added the list of Metro zip codes on a separate tab to use as a source of location identification, as well as several pivot tables in order to obtain several different breakdowns by category.
"non-certified vendors"	MS Excel (.xls)	The original file provided to Econsult by MBEC. Contains a listing of uncertifiables for seven City departments.
"PMSA Zip Codes"	MS Excel (.xls)	A compilation of all the zip codes in the City and Metro areas.
"Summary of Availability Data – SBA Census"	MS Excel (.xls)	A spreadsheet with four tabs, each summarizing the data available from the 2002 Economic (SBO) Census by category: total MBEs, total WBEs, employer MBEs, employer WBEs. The cells that are blank represent categories for which the Census provides no data.
"GAS: Economy-Wide Estimates"	Adobe Acrobat (.pdf)	A scanned report from the U.S. Census website providing the numbers that were used to present the Census Availability data in the above-mentioned file.

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File Name	Type of file	Description
"Pro-Net Vendors"	MS Excel (.xls)	A list of all vendors registered with the Central Contractor Registration website (formerly SBA Pro-Net). Each tab lists only the vendors registered under total MBE, MBE/males, WBE, and Veterans. Each tab also displays the calculations we used to identify each vendor by ethnicity and/or gender.
"Report_Tables_Compilation"	MS Excel (.xls)	A document containing all the disparity, utilization, and availability tables on separate tabs.
"By_Department_Calcs"	MS Excel (.xls)	A document containing all the utilization information for the City's departments and quasi agencies. Also contains consolidated utilization calculations by contract type

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## APPENDIX C: UTILIZATION CHARTS

Here we provide an overview of the City of Philadelphia's utilization of Disadvantaged Business Enterprise (DBE) firms in its awarding of contracts, sized to three geographies: City of Philadelphia, Philadelphia Metropolitan Statistical Area (MSA), and US (see Figure C.X):

- The first two columns delineate which DBE category is being considered.
- The next three columns show the utilization of various DBE categories in Public Works (PW) contracts.
- The following three columns show the utilization of various DBE categories in Personal and Professional Services (PPS) contracts.
- The next three columns show the utilization of various DBE categories in Services, Supplies, and Equipment (SSE) contracts.
- The next three columns show the utilization of various DBE categories across all contract types.

Within each set of columns, we further broke out contracts awarded to DBE firms based on whether they are listed in the MBEC Vendor List as having a Philadelphia zip code ("City") or a zip code of one of the eleven counties in the Philadelphia MSA ("MSA"), or regardless of where they are located ("US"). In this way, we can further determine the utilization of local DBE firms, not just all DBE firms.

We also provide utilization goals and actuals by department (see Figure C.1). We also provide a list of "certifiabes," as identified by a selected list of City departments (see Figure C.2).

**Figure C.1 - FY 2007 Utilization of DBEs, by \$ Contracts Awarded, Based on 2007 MBEC Participation Report**  
 U1 = City of Philadelphia, U2 = Philadelphia MSA, U3 = US

Ethnicity	Gender	PW			PPS			SSE			All Contract Types		
		City	MSA	US	City	MSA	US	City	MSA	US	City	MSA	US
White	Female	1.4%	6.1%	6.2%	1.4%	3.5%	6.5%	2.9%	3.5%	4.5%	1.7%	4.6%	5.9%
Native American	Male & Female	0.0%	0.0%	2.1%	0.0%	0.0%	0.1%	0.0%	0.0%	0.1%	0.0%	0.0%	0.9%
Asian American	Male & Female	0.0%	2.0%	2.3%	0.1%	1.6%	1.8%	0.2%	1.7%	1.7%	0.1%	1.8%	2.0%
African American	Male & Female	2.9%	4.2%	4.3%	12.4%	14.6%	15.4%	3.1%	7.7%	7.8%	6.9%	9.2%	9.6%
Hispanic	Male & Female	1.2%	1.4%	1.4%	1.9%	3.0%	3.3%	0.7%	1.0%	1.0%	1.4%	2.0%	2.1%
Other	Male & Female	0.0%	0.1%	0.1%	0.0%	0.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
<b>All MBE</b>	<b>Male &amp; Female</b>	<b>4.1%</b>	<b>7.6%</b>	<b>10.1%</b>	<b>14.4%</b>	<b>19.4%</b>	<b>21.0%</b>	<b>3.9%</b>	<b>10.3%</b>	<b>10.6%</b>	<b>8.4%</b>	<b>13.0%</b>	<b>14.8%</b>
Disabled	Male & Female	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
All	Female	2.5%	9.0%	11.2%	3.7%	8.1%	11.4%	5.0%	5.6%	6.1%	3.5%	8.0%	10.4%
<b>All DBE*</b>	<b>Male &amp; Female</b>	<b>5.6%</b>	<b>13.8%</b>	<b>16.5%</b>	<b>15.9%</b>	<b>22.9%</b>	<b>27.5%</b>	<b>6.9%</b>	<b>13.8%</b>	<b>14.8%</b>	<b>10.1%</b>	<b>17.6%</b>	<b>20.8%</b>

Source: MBEC Annual Participation Report (FY 2007)  
 \*X denotes data unavailable or insufficient

**Figure C.2 - FY 2007 Utilization (U3) - Utilization by Department of For-Profit DBE Prime Contractors and Sub-Contractors Located in the US, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors (by \$ Contracts Awarded)**

City Department	FY07 Dept Total (in \$M)	FY07 DBE Total (in \$M)	FY07 DBE %Utilization Actual	FY06 DBE %Utilization Actual	FY07 MBE %Utilization Actual	FY07 MBE %Utilization Goal	FY07 WBE %Utilization Actual	FY07 WBE %Utilization Goal	FY07 DSBE %Utilization Actual	FY07 DSBE %Utilization Goal
Aviation	\$186.53	\$42.98	23.0%	27.7%	14.4%	10.0%	9.6%	10.0%	0.1%	0.0%
Behavioral Health/Mental Retardation Services	\$14.00	\$0.20	1.4%	1.0%	1.4%	15.0%	0.3%	5.0%	0.0%	0.0%
Camp William Penn	\$0.00	\$0.00	100.0%	0.0%	100.0%	10.0%	46.6%	10.0%	0.0%	0.0%
Capital Program Office	\$23.04	\$4.50	19.5%	19.4%	13.8%	20.0%	7.1%	15.0%	0.0%	2.0%
City Planning Commission	\$0.04	\$-	0.0%	23.2%	0.0%	15.0%	0.0%	25.0%	0.0%	2.0%
Civil Service Commission	\$0.02	\$-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Commerce	\$1.78	\$-	0.0%	80.2%	0.0%	30.0%	0.0%	20.0%	0.0%	2.0%
Fairmount Park Commission	\$0.09	\$0.02	17.5%	26.4%	15.1%	10.0%	2.5%	35.0%	0.0%	0.0%

City Department	FY07 Dept Total (in \$M)	FY07 DBE Total (in \$M)	FY07 DBE %Utilizat ion Actual	FY06 DBE %Utilizat ion Actual	FY07 MBE %Utilizat ion Actual	FY07 MBE %Utilizat ion Goal	FY07 WBE %Utilizat ion Actual	FY07 WBE %Utilizat ion Goal	FY07 DSBE %Utilizat ion Actual	FY07 DSBE %Utilizat ion Goal
Finance, Director of	\$9.45	\$2.69	28.4%	14.1%	22.9%	20.0%	8.2%	20.0%	0.0%	0.0%
Fire	\$4.84	\$0.05	1.0%	13.1%	1.0%	10.0%	1.0%	5.0%	0.0%	0.0%
Fleet Management	\$0.39	\$0.10	24.4%	10.3%	16.1%	10.0%	17.3%	10.0%	0.0%	0.0%
Health, Department of Public	\$3.85	\$0.20	5.3%	14.9%	4.9%	30.0%	2.1%	10.0%	0.0%	0.0%
Historical Commission	\$0.01	\$-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Human Services, Department of	\$66.67	\$6.37	9.6%	4.6%	2.0%	10.0%	7.8%	5.0%	0.0%	0.0%
Information Services, Mayor's Office of	\$13.26	\$3.04	22.9%	20.8%	13.7%	20.0%	17.0%	20.0%	0.0%	0.0%
Labor Relations	\$0.00	\$-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Law Department	\$9.80	\$5.40	55.1%	43.9%	53.1%	35.0%	2.0%	10.0%	0.0%	0.0%
Library, Free	\$0.56	\$0.02	3.2%	3.9%	1.9%	10.0%	1.8%	10.0%	0.0%	0.0%

City Department	FY07 Dept Total (in \$M)	FY07 DBE Total (in \$M)	FY07 DBE %Utilizat ion Actual	FY06 DBE %Utilizat ion Actual	FY07 MBE %Utilizat ion Actual	FY07 MBE %Utilizat ion Goal	FY07 WBE %Utilizat ion Actual	FY07 WBE %Utilizat ion Goal	FY07 DSBE %Utilizat ion Actual	FY07 DSBE %Utilizat ion Goal
Licenses and Inspections, Department of	\$1.23	\$0.55	44.9%	69.8%	44.9%	35.0%	19.6%	20.0%	0.0%	0.0%
Managing Director's Office	\$1.16	\$0.31	26.4%	30.4%	22.6%	15.0%	26.4%	30.0%	0.0%	0.0%
Mayor's Office	\$1.05	\$0.08	7.1%	10.6%	6.1%	25.0%	1.4%	25.0%	0.0%	5.0%
Mayor's Office of Community Services	\$0.13	\$0.04	28.8%	35.9%	28.8%	75.0%	13.2%	5.0%	0.0%	0.0%
Mural Arts Program	\$-	\$-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Office of Housing & Community Development (OHCD)	\$0.82	\$0.07	7.9%	7.8%	0.0%	10.0%	7.9%	10.0%	0.0%	0.0%
Office of Supportive Housing (OSH)	\$5.03	\$0.77	15.3%	0.0%	13.9%	15.0%	1.4%	10.0%	0.0%	0.0%

City Department	FY07 Dept Total (in \$M)	FY07 DBE Total (in \$M)	FY07 DBE %Utilization Actual	FY06 DBE %Utilization Actual	FY07 MBE %Utilization Actual	FY07 MBE %Utilization Goal	FY07 WBE %Utilization Actual	FY07 WBE %Utilization Goal	FY07 DSBE %Utilization Actual	FY07 DSBE %Utilization Goal
Pensions & Retirement, Board of	\$1.77	\$-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Personnel	\$0.61	\$0.04	6.8%	20.2%	0.7%	10.0%	6.1%	25.0%	0.0%	0.0%
Police	\$1.71	\$0.07	3.9%	4.6%	0.3%	10.0%	3.9%	15.0%	0.0%	0.0%
Prisons	\$103.37	\$24.04	23.3%	23.6%	17.3%	20.0%	7.9%	10.0%	0.0%	1.0%
Procurement	\$0.12	\$-	0.0%	0.0%	0.0%	20.0%	0.0%	5.0%	0.0%	0.0%
Property, Department of Public	\$14.68	\$13.61	92.7%	89.1%	92.3%	70.0%	28.6%	26.0%	0.0%	0.0%
Records	\$3.05	\$0.62	20.1%	37.3%	15.7%	35.0%	4.3%	10.0%	0.0%	0.0%
Recreation	\$0.70	\$0.10	13.8%	10.9%	13.8%	15.0%	4.9%	10.0%	0.0%	0.0%
Revenue	\$2.36	\$0.82	34.7%	18.9%	24.8%	25.0%	16.3%	25.0%	0.0%	0.0%
Revision of Taxes, Board of	\$1.19	\$0.37	31.2%	76.3%	0.0%	10.0%	31.2%	10.0%	0.0%	0.0%
Sinking Fund Commission	\$0.00	\$-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

City Department	FY07 Dept Total (in \$M)	FY07 DBE Total (in \$M)	FY07 DBE %Utilizat ion Actual	FY06 DBE %Utilizat ion Actual	FY07 MBE %Utilizat ion Actual	FY07 MBE %Utilizat ion Goal	FY07 WBE %Utilizat ion Actual	FY07 WBE %Utilizat ion Goal	FY07 DSBE %Utilizat ion Actual	FY07 DSBE %Utilizat ion Goal
Streets	\$33.56	\$5.56	16.6%	11.7%	13.8%	15.0%	2.8%	10.0%	0.0%	0.0%
Treasurer, City	\$0.04	\$0.04	100.0%	0.0%	100.0%	20.0%	100.0%	10.0%	0.0%	10.0%
Water Department	\$123.49	\$19.59	15.9%	20.3%	10.3%	20.0%	5.9%	10.0%	0.0%	2.0%
<b>All Departments</b>	<b>\$630.38</b>	<b>\$132.08</b>	<b>21.0%</b>		<b>14.7%</b>		<b>8.0%</b>		<b>0.0%</b>	
<b>All with SSE</b>	<b>\$752.04</b>	<b>\$156.42</b>	<b>21.8%</b>		<b>14.8%</b>		<b>10.4%</b>		<b>0.0%</b>	

Figure C.3 – List of “Certifiabiles,” Selected Departments

*FY 07 Not Certified Vendors	Minority	Woman	Disabled	Department
12 Regis		X		DHS
A Green Thing	X	X		DHS/Health
Achieve 3000	X			DHS
Action Bag Company		X		Health
AEO, Inc.		X		DHS
Aimee McCullough		X		DHS
Airs Appliance	X			Health
Al Dia Newspaper	X			DHS/Health
Al Mitchell & Sons	X			DHS
Albert Lawrence Sunoco	X			DHS
Alexander, Melvin & Marion	X			DHS
Alfonso Smith	X			DHS
Alicia Smith	X	X		DHS
Allied Office Supplies	X			DHS
Amelia Chipelz		X		DHS
Amelia O Belardo-Cox		X		DHS
Amy Young		X		DHS
Andre Wise	X			OBH
Andrea Gutierrez		X		DHS
Angel Baby Music		X		DHS
Angela Dozier	X	X		OBH
Angela Macey	X	X		DHS
Ann Deinhardt, Cons		X		DHS
Ann Mitchell Sackey	X	X		DHS
Anthony Palimore*	X			RISK
Appleheart CDC	X	X		DHS
Aquilla Wells		X		Health
Aretha Hall	X	X		Health
Asa Adams		X		DHS

*FY 07 Not Certified Vendors	Minority	Woman	Disabled	Department
Aunyen Davis		X		DHS
Ayesha Imani		X		DHS
BACW	X			DHS
Barbara Bowen	X	X		OSH
Bert Harris	X			Health
Best Business System	X			OSH
Betsi Bell Brann		X		DHS
Betty Barton		X		DHS
Black War Museum	X			DHS
Bob McCrumn	X			DHS
Bonnie Queen		X		DHS
Brandi Scombordi	X	X		DHS
Brandon R. Brown	X			DHS
Brenda Rich		X		DHS
Brian Jones	X			DHS
Burden-Newton Medical, Inc.	X			Health
Carl Fulton	X			RISK
Carl Gunter	X			DHS
Carl Osaki	X			Health
Carmen Garner	X			DHS
Carmen J. Kirk	X	X		DHS/Health
Caroline Jhl		X		DHS
Carolyn Stancil	X			DHS
Carphone Specialist		X		OBH
Carrie Land Windless	X	X		DHS
Carrie Savage	X	X		DHS
Carson Group International				DHS
Catherine Sadler	X	X		DHS
Centro Automotiz Los Patriotas	X			DHS
Chelsea Creative		X		DHS

*FY 07 Not Certified Vendors	Minority	Woman	Disabled	Department
Cherry Aung-Bwint	X	X		OBH
Cheryl Cotrona		X		DHS
Chinatown Academy	X			DHS
Chinatown Learning Center	X	X		DHS
Chinese American Women's Sisterhood Society	X	X		DHS
Chinese Christian Church Street Center	X			DHS
Chris Coward		X		DHS
Christine Gannon		X		DHS
Christine Gibson	X	X		DHS
Christine Wilson		X		DHS
Christopher Thompson	X			DHS
Cindy Lichtstein		X		DHS
Clarence Iszard	X			DHS
Clifton Bodie	X			OBH
CM Design		X		Health
Commercial Supplies		X		OSH
Community Works		X		OBH
Communtiy Concern	X			DHS
Concerned Parents, Inc.	X			DHS
Constance Romer-Quiren	X			OBH
Continuum Service	X			OSH
Cort Directions	X			Health
Creative Characters		X		Health
Cynthia Thorne	X			DHS
D & L Plumbing Supplies*	X			OHCD
D & T Auto Body	X			
D'Agostino Electric		X		OHCD
Danielle Staton	X	X		DHS
Darlene Ebron	X	X		DHS
David Simmons	X	X		Health

*FY 07 Not Certified Vendors	Minority	Woman	Disabled	Department
Dayton Lawn Service		X		DHS
DBIS, Inc.*		X		OHCD
DCA (Dumpster)	X	X		OHCD/L&I
Deborah Diggs		X		DHS
Deborah Jackson-Smith	X	X		DHS
Debra Ludwick		X		DHS
DECA Pharmaceuticals	X			Health
Dedra Corker	X	X		DHS
DeFran Systems, Inc.		X		DHS
Delacey Tucker	X	X		DHS
Della Grossman		X		DHS
Della Lazarus		X		DHS
Denney's Electr. Supply*	X			OHCD
Diamond Courier	X	X		OBH
Diana Kalengax	X	X		DHS
Diane & Tom's Café	X			DHS/Health
Diane Hunt		X		DHS
Digital Imaging	X			DHS
Diversified Supply Inc. *	X			OHCD
Dktek		X		DHS
Do-2-Win Realtor	X			OSH
Donavan Electric	X			OHCD
Donna Debus-Hawk		X		DHS
Donna Landis-Brubaker		X		DHS
Donna Ziegler PAD		X		DHS
Douglas Ford	X			DHS
Downes Realty Services	X			OSH
Dr. Carrie Jacobs		X		DHS
Dr. Charles Johnson	X			DHS
Dr. Joseph Crumbley	X			DHS

*FY 07 Not Certified Vendors	Minority	Woman	Disabled	Department
Dr. Khalid-Khan	X	X		DHS
Dr. McMicken		X		DHS
Dr. Odile Robinson	X	X		DHS
Dr. Roberta Powell		X		DHS
Drews Iron	X			OHCD
Dynamic HR Group	X			DHS
Dynamo Cleaning	X			DHS
Earline Green	X	X		Health
Economical Construction	X			L&I
Edie Mannion		X		DHS
Edra Cash	X	X		Health
Effective Communications		X		OBH
Eileen Brown	X	X		DHS
Elaine Buza		X		DHS
Eleanor Taylor		X		DHS
Elyse S. Rubenstein, MD		X		DHS
Emanuelle Stuppard	X			DHS
Emerald Supply Co.		X		OBH
Enid Wiese, MA		X		OBH/Health
Enrique & Venecia Kelly	X			DHS
Erika Loperbey		X		DHS
Ernest Randall	X			DHS
Ervin Terrell	X			DHS
ESLS*	X			OHCD
E-Tech		X		DHS
Etris Associates Total		X		Health
Eugene Pullins Trucks	X			OHCD
Eugenia Frisby	X	X		DHS
Evelyn Ireland		X		Health
Event Elements	X	X		Commerce

*FY 07 Not Certified Vendors	Minority	Woman	Disabled	Department
Excelsior Industrial Supply, Inc.*	X			OHCD
Expert Computer Specialist	X			DHS
Expert Events		X		DHS
Face da Flave Entertainment Group	X			DHS
Family Court/VOC		X		DHS
Fast Signs (Sang Lee)	X			Commerce/DHS
Financial & Real Estate Network*	X			RISK
First Search	X			DHS
Fit & Fabulous, LLC	X	X		
Flora Sosa Somers		X		Health
Flora's Flower	X	X		OBH
Flossie Ierardi		X		DHS
Flynn Photography			X	DHS
Focus Management		X		DHS
Foster Trophy Awards	X			DHS/Health
Gail Jackson		X		DHS
Gail Loeb		X		DHS
Gala True				Health
GAW	X			L&I
Gayle Gates		X		DHS
Gaylen Conely	X			DHS
Geller & Grossman Speech Service		X		OBH
Germantown Estates	X			DHS
GGX Net Systems*		X		RISK
Gloria Gay	X	X		DHS
Gloria Woodard	X			OSH
Gran Printing and Graphic Solutions	X			DHS
Gregory King	X			DHS
Grimes Maintenance Co.	X			OBH
Griselle Ubarry		X		DHS

*FY 07 Not Certified Vendors	Minority	Woman	Disabled	Department
Handy Man	X			DHS
Happy Rooster		X		Commerce
HighSpeed Technologies	X			DHS
Hines Air Conditioning	X			DHS/Health
Holmes Rashida	X	X		DHS
Holsey Temple	X			DHS
Iannozzi Communication		X		Health
Image Construction	X			L&I
Insight		X		Health
Intergrating Factor	X			DHS
Iran Jackson	X			DHS
Iris Designs	X			Commerce
Iron Mountain	X			DHS
J&D Enterprises	X			DHS/Health
Ja ja Scott		X		DHS
JA Thomas Cleaning	X			Health
James Dickerson	X			DHS
James Doorcheck, Inc	X			Health
Jan Ellen Rhodes		X		DHS
Janet Stanley		X		DHS
Jeff Price Photography	X			DHS
Jesse Suh	X			OBH
Jessica Zimmerman		X		OBH
Jewell Realty	X	X		DHS
Joan Halderman		X		DHS
Joann Lawer		X		DHS
Joel Avery	X			Commerce
John Sims	X			OSH
Jorge Velazquez, Jr.	X	X		DHS
Jose D. Velez	X			OBH

*FY 07 Not Certified Vendors	Minority	Woman	Disabled	Department
Jose Torres Mattei	X			Health
Judith Paul		X		DHS
Judy Health		X		DHS
K & B Learning Support		X		OBH
Karen Bottoms		X		DHS
Karen Hudson, Cons	X	X		DHS
Karen Newman, MD		X		OBH
Karen Thornton		X		DHS
Karni Kissil		X		OBH
Kathleen Brady M.D.		X		Health
Kathleen Brennan		X		OBH
Kathleen Hoover		X		Health
Kathleen Torrasi		X		DHS
Kay Brennan		X		DHS
Keith Penny	X			DHS
Kelly-Anne Lehman Design		X		DHS
Kenneth Fowlkes	X			DHS
Kerry Arnold		X		OBH
Kevin's Wholesale	X			Health
Kilolo Mayo		X		DHS
Kristen Guare		X		DHS
L & L Daycare	X	X		DHS/Health
Larry Evans	X			OSH
Lauren Ellison		X		OBH
Lawrence Electric	X			DHS
LC's Associates	X			DHS
LeaderStat		X		Health
Lee Davis Association		X		DHS
Len E. Ellis Funeral Home	X			DHS
Lettie Peterson	X	X		DHS

*FY 07 Not Certified Vendors	Minority	Woman	Disabled	Department
Liberon's Painting* and GC	X			OHCD
Life Style Networks	X			DHS
Lightfoot Security Systems	X			DHS
Lillie Moore	X	X		DHS
Lisa Citron Taglang		X		DHS
Lisbeth Matson		X		DHS
Loop Capital				Bond Fees
Loretta Wesler	X			DHS
Lori Lancaster	X	X		DHS/OBH
Lourdes Rosado	X	X		DHS
Lucille Ijoy	X	X		DHS
Luis Rodriguez	X			DHS
Luz Cardenas-CGC		X		DHS
Lyda Kim		X		Health
Lynette Diluzio		X		Health
M. Elkady	X			DHS
M.C.V.P. Pest Control		X		DHS
MainLine Building Services		X		DHS
Management Environment	X			DHS
Marcia L. Levinson		X		Health
Marcus Little	X			DHS
Maria Claudia Rivera	X	X		DHS
Maria Reyes	X	X		DHS
Maria Sulkes		X		OBH
Marian Barnes Hawkins	X	X		DHS
Mariesly Febles	X			Health
Marilyn Kass-Jarvis		X		DHS
Marilynne Cornell	X	X		Health
Mario Palamara	X			OHCD
Marrie Lee Chess	X	X		DHS

*FY 07 Not Certified Vendors	Minority	Woman	Disabled	Department
Martha Bernicker		X		DHS
Martha Durkin	X	X		DHS
Martha Isobel Lask		X		Health
Martha McDonald		X		DHS
Martin Selby	X			DHS
Mary E. Jackson	X	X		DHS
Mary Pat Scorzetti		X		OBH
Mary Rush	X	X		DHS
Matz Land Transfer Services, Inc.		X		DHS
Maureen Fox Company*		X		OHCD
Mazzocchi Wrecking, Inc.*		X		OHCD
MBGL Exterminating	X			DHS
MCL Consulting		X		DHS
Media Copy	X			Health
Media IQ		X		DHS
MedStaff Healthcare Solutions		X		Health
Meenan Security	X			OSH
Metro Café	X			OBH
Michael Berry	X			DHS
Michael Rivers	X			DHS
Michelle Mitchell	X	X		Health
Miguel Leon - Attonrey	X			DHS
Milligan & Co, LLC	X			DHS
MJ Fine		X		Commerce
Mojonisi, LLC	X			DHS
Monique La Montagne		X		Commerce
Moya Kinnealey		X		Health
MRB Communication		X		DHS
Nancy Fagan		X		DHS
Nancy Gilboy			X	Commerce

*FY 07 Not Certified Vendors	Minority	Woman	Disabled	Department
Nancy Shanahan		X		DHS
Natasha Harris Travel	X	X		DHS
New Born Productions, LLC	X			DHS
New Deal	X			OHCD
Ng Hoym	X	X		OSH
Nirmala Yarra	X			DHS
Northeast Union, Inc.	X			OHCD
Nurse Partners		X		Health
Offix Systems	X			DHS
Oliver Myers	X			DHS
Ollie Starks	X			DHS
One Man Gang Construction	X			L&I
Open Enterp./Good Vibrations		X		Health
Oscar Drummond				
Osiris Group, Inc.		X		DHS
Otis Peurifoy	X			DHS
PA Visual Graphics, Inc.		X		DHS
Pamela Ralph, MD		X		OBH
Patricia Bass	X	X		Health
Patricia Stewart	X	X		Health
Patricia Taggert		X		Commerce
Patricia West		X		Health
Paul Beale Florists	X			DHS
Paul Donovan	X			DHS
Paul's Building Maintenance	X			Health
Perla Malik	X	X		DHS
Philadelphia Sons	X			DHS
Phoenix Capital				Bond Fees
Polly Hill O'Keefe		X		Health
Poor Richard Catering	X			DHS

*FY 07 Not Certified Vendors	Minority	Woman	Disabled	Department
Popular Securities				Bond Fees
Premier Rentals		X		OSH
Print Media, Inc	X			Health
Professionals	X			DHS
Quigley Appraisal Company		X		DHS
Rachel Ryan	X			DHS
Raelyn Harman		X		DHS
Rakeema Harris	X			DHS
Randall Vicks	X			DHS
Rashida Harnlin	X	X		DHS
RD Plastics Comp., Inc		X	X	Health
Regina Massey	X	X		DHS
Restorative Innovations		X		Health
Richard B. Owens*	X			RISK
Rising Sun Plumbing*				OHCD
Robert Carter	X			DHS
Robert F. Cooke	X			DHS
Roberta L Powell		X		Health
Robinson Contracting*	X			OHCD
Rochelle Caplan		X		DHS
Roland Shelton	X			DHS
Roselena's		X		OBH
Rufus Taylor	X			DHS
Ruth Erazo		X		DHS
S & S Trash	X			OBH
Sage Communications Partners		X		Health
Sage Products, Inc			X	Health
Sam Lynch	X			DHS
Sanchez Landscaping	X			Health
Sandi Hollie	X			DHS

*FY 07 Not Certified Vendors	Minority	Woman	Disabled	Department
Sandra McGruder, MD	X	X		DHS/OBH
Sandy Capaldi		X		DHS
Scholars 1st Choice	X			DHS
Scoop USA	X			Commerce
SEAMAAC	X			DHS/Health
Service Works	X			DHS
Shantrelle Lewis		X		DHS
Sheila Fox		X		DHS
Sherelle Gardner		X		DHS
Sherri Lonker		X		DHS
Sherry Moyer		X		DHS
Silvertek	X			DHS
Simms Janitorial	X			DHS
Sindee's Impressions		X		DHS
Snowell Consulting, Inc	X			DHS/Health
Sonia Burgest		X		DHS
South Jersey Counseling	X			
Southwest Belmont Com.	X	X		DHS
Southwest Nu-stop	X			DHS
Southwest Vinyl	X			OHCD
SPS Medical Supply Corporation		X		Health
Stanley Gadson	X			DHS
Steege/Thomson Communication		X		DHS
Step Lightly, Inc.	X			DHS
Stephanie J. Hagigen		X		Health
Steward Alexander	X			DHS
Stratus Pharmaceuticals	X			Health
Sue Sawyer Window Derigne		X		DHS
Suja Mathews	X	X		DHS
Susan B. Spencer		X		Health

*FY 07 Not Certified Vendors	Minority	Woman	Disabled	Department
Susan Gadleta Cleaning		X		DHS
Susan Kaye Ph.D		X		
Susan Lee		X		DHS
Sutton Bay Media		X		DHS
Swanson Electric	X			OSH
Sylvia Johnson	X			DHS
Tammy Carter	X	X		OSH
Tender Loving Care Nurses		X		Health
The Commonwealth Consulting Grp		X		Health
The Right Resume, Inc.		X		Commerce
Thea Gail Gertz		X		OBH/Health
Theraplay, Inc.		X		DHS
Todd Edwards	X			Commerce
Torres Lumber	X			OHCD
Trisac Cleaning	X			DHS
Trish Mayro		X		Health
Tupache Demolition	X			L&I
Tyrone Highsmith	X			DHS
United Bank	X			DHS
Unlimited Dimensions		X		Commerce
Urban Health Systems	X			Health
Urban Solutions, Inc.	X	X		OBH
Veronica Rich		X		Health
Verton Wallace	X			DHS
Wanda Brown	X	X		DHS
Wayne's World	X			DHS/Health
William Herring	X			DHS
William Smith	X			OSH
Wm. Baptist, III	X			DHS
WM. Penn Insurance		X		OBH

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*FY 07 Not Certified Vendors	Minority	Woman	Disabled	Department
World Health Resources Inc.	X			Health
x-Po Business Center	X			DHS
Yvonne Clanton	X	X		DHS
Yvonne Claudio	X	X		Health
Zaicon Lewis	X	X		DHS
<b>Total Vendors</b>	<b>250</b>	<b>170</b>	<b>4</b>	<b>424</b>

## APPENDIX D: AVAILABILITY CHARTS

Here we provide additional detail on the availability of Disadvantaged Business Enterprise (DBE) firms at different geographies and using different approaches. First, we depict the availability of DBE firms using the City of Philadelphia as the unit of geography, thanks to data available from the Philadelphia District Office of the US Small Business Administration (see Figure D.1).

**Figure D.1 – FY2007 Availability (A1) – # Minority-Owned and Women-Owned Firms Divided By # All Firms in the City of Philadelphia, Based on 2004 US Small Business Administration (Philadelphia District Office)**

Ethnicity	Gender	# Firms	% of Total	Population	% of Total
White	Female	13,890	22.0%	333,861	22.0%
Native Am	Male & Female	X	X	X	X
Asian American	Male & Female	4,403	7.0%	67,654	5.4%
African Am	Male & Female	9,285	14.8%	655,824	43.2%
Hispanic	Male & Female	1,566	2.5%	128,928	8.5%
<b>All MBE</b>	<b>Male &amp; Female</b>	<b>15,150</b>	<b>24.0%</b>	<b>852,406</b>	<b>56.2%</b>
<b>Disabled</b>	<b>Male &amp; Female</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>All DBE</b>	<b>Male &amp; Female</b>	<b>29,040</b>	<b>46.2%</b>	<b>1,186,267</b>	<b>78.2%</b>

*Source: US Small Business Administration – Philadelphia District Office (2004)*

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Next, we provide an overview of the City's availability of DBE firms, at the Philadelphia Metropolitan Statistical Area (MSA) level, based on these four, broader approaches, all of which use data from the 2002 US Census Survey of Small Business Owners:

- Availability (A2) – # DBE Firms Divided By # All Firms in Philadelphia MSA (see Figure D.X)
  - Availability (A3) – # DBE Firms > 1 Employee Divided by # All Firms > 1 Employee in Philadelphia MSA (see Figure D.X)
  - Availability (A4) – \$ Revenue of DBE Firms Divided by \$ Revenue of All Firms in Philadelphia MSA (see Figure D.X)
  - Availability (A5) – \$ Revenue of DBE Firms > 1 Employee Divided by \$ Revenue of All Firms > 1 Employee in Philadelphia MSA (see Figure D.X)
- 
- The first two columns delineate which DBE category is being considered.
  - The following four columns show the number of firms in various DBE categories, by contract type.
  - The next four columns show the availability rate of firms in various DBE categories, by contract type.
  - The final four columns show any equivalent figures available from the DJ Miller & Associates (DJMA) analysis of 1998-2003 data.
  - The four cells underneath the main table provide the total number of firms by contract type; these numbers serve as the denominator of this method of the availability rate

**Figure D.2 – FY 2007 Availability (A2) – # DBE Firms Divided By # All Firms in Philadelphia MSA, Based on 2002 US Census Survey of Business Owners**

Category		DBE				DBE %				DJMA1998-2003			
Ethnicity	Gender	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
Native American	Male	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	Male	X	X	X	X	X	X	X	X	X	X	X	X
African American	Male	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	Male	X	X	X	X	X	X	X	X	X	X	X	X
Native American	Female	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	Female	X	X	X	X	X	X	X	X	X	X	X	X
African American	Female	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	Female	X	X	X	X	X	X	X	X	X	X	X	X
White	Female	X	X	X	X	X	X	X	X	X	X	X	X
Native American	M&F	100	246	174	1,164	0.2%	0.3%	0.3%	0.3%	X	X	X	X
Asian American	M&F	X	2,712	4,258	19,759	X	3.7%	6.5%	4.7%	X	X	X	X
African American	M&F	1,313	3,284	2,413	24,486	2.9%	4.4%	3.7%	5.9%	X	X	X	X
Hispanic	M&F	1,277	1,034	1,451	8,963	2.8%	1.4%	2.2%	2.2%	X	X	X	X
<b>All MBE</b>	<b>M&amp;F</b>	<b>2,699</b>	<b>7,276</b>	<b>8,296</b>	<b>54,639</b>	<b>6.0%</b>	<b>9.8%</b>	<b>12.6%</b>	<b>13.1%</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>All</b>	<b>M&amp;F</b>	<b>3,470</b>	<b>20,535</b>	<b>17,987</b>	<b>108,834</b>	<b>7.7%</b>	<b>27.8%</b>	<b>27.3%</b>	<b>26.1%</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>Disabled</b>	<b>M&amp;F</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>All DBE*</b>	<b>M&amp;F</b>	<b>6,160</b>	<b>27,811</b>	<b>26,283</b>	<b>163,206</b>	<b>13.7%</b>	<b>37.6%</b>	<b>39.9%</b>	<b>39.2%</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
* Note: Figures in this row are not necessarily the sum of the above three rows because of businesses who belong to more than one category.													
All	M&F	44,885	73,999	65,954	416,358								

Source: US Census Survey of Business Owners (2002)  
 "X" denotes data unavailable or insufficient.

**Figure D.3 – FY 2007 Availability (A3) – # DBE Firms > 1 Employee Divided by # All Firms > 1 Employee in Philadelphia MSA, Based on 2002 US Census Survey of Business Owners**

Category		DBE				DBE %				DJMA1998-2003			
Ethnicity	Gender	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
Native American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Male	x	x	x	x	x	x	x	x	x	x	x	x
African American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Male	x	x	x	x	x	x	x	x	x	x	x	x
Native American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Female	x	x	x	x	x	x	x	x	x	x	x	x
African American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Female	x	x	x	x	x	x	x	x	x	x	x	x
White	Female	x	x	x	x	x	x	x	x	8.3%	7.7%	13.7%	12.6%
Native American	M&F	35	43	x	253	0.3%	0.2%	x	0.2%	0.4%	0.0%	0.1%	0.1%
Asian American	M&F	x	623	2,061	6,310	x	3.6%	8.4%	5.5%	0.5%	0.9%	5.9%	4.8%
African American	M&F	174	320	231	2,442	1.3%	1.9%	0.9%	2.1%	2.1%	2.4%	2.7%	2.6%
Hispanic	M&F	151	176	245	1,368	1.1%	1.0%	1.0%	1.2%	1.1%	0.2%	0.9%	0.9%
All MBE	M&F	368	1,162	2,537	10,373	2.8%	6.7%	10.3%	9.0%	4.1%	3.6%	9.5%	8.4%
All	M&F	1,073	3,090	3,501	17,854	8.1%	17.9%	14.3%	15.5%	x	x	x	x
Disabled	M&F	x	x	x	x	x	x	x	x	x	x	x	x
All DBE*	M&F	1,433	4,252	6,038	28,227	10.8%	24.6%	24.6%	24.6%	12.4%	11.3%	23.2%	21.0%
* Note: Figures in this row are not necessarily the sum of the above three rows because of businesses who belong to more than one category.													
All	M&F	13,242	17,275	24,526	114,869								

Source: US Census Survey of Business Owners (2002)  
 "X" denotes data unavailable or insufficient.

Figure D.4 – FY 2007 Availability (A4) – \$ Revenue of DBE Firms Divided by \$ Revenue of All Firms in Philadelphia MSA, Based on 2002 US Census Survey of Business Owners (in \$M)

Category		DBE				DBE %				DJMA1998-2003			
Ethnicity	Gender	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
Native American	Male	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	Male	X	X	X	X	X	X	X	X	X	X	X	X
African American	Male	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	Male	X	X	X	X	X	X	X	X	X	X	X	X
Native American	Female	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	Female	X	X	X	X	X	X	X	X	X	X	X	X
African American	Female	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	Female	X	X	X	X	X	X	X	X	X	X	X	X
White	Female	X	X	X	X	X	X	X	X	X	X	X	X
Native American	M&F	X	X	\$7.8	X	X	X	0.0%	X	X	X	X	X
Asian American	M&F	X	X	\$2.6	\$ 5.1	X	X	1.1%	0.8%	X	X	X	X
African American	M&F	X	X	\$207.4	\$ 2.0	X	X	0.1%	0.3%	X	X	X	X
Hispanic	M&F	X	X	\$262.6	\$ 1.2	X	X	0.1%	0.2%	X	X	X	X
All MBE	M&F	X	X	\$3.1	\$ 8.4	X	X	1.3%	1.4%	X	X	X	X
All	M&F	X	X	\$2.1	\$18.3	X	X	0.9%	3.0%	X	X	X	X
Disabled	M&F	X	X	X	X	X	X	X	X	X	X	X	X
All DBE*	M&F	X	X	\$5.2	\$26.7	X	X	2.3%	4.4%	X	X	X	X
* Note: Figures in this row are not necessarily the sum of the above three rows because of businesses who belong to more than one category.													
All	M&F	\$27.8	\$29.4	\$22.4	\$611.8								

Source: US Census Survey of Business Owners (2002)  
 "X" denotes data unavailable or insufficient.

**Figure D.5 – FY 2007 Availability (A5) –\$ Revenue of DBE Firms > 1 Employee Divided by \$ Revenue of All Firms > 1 Employee in Philadelphia MSA, Based on 2002 US Census Survey of Business Owners**

Category		DBE				DBE %				DJMA1998-2003			
Ethnicity	Gender	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
Native American	Male	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	Male	X	X	X	X	X	X	X	X	X	X	X	X
African American	Male	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	Male	X	X	X	X	X	X	X	X	X	X	X	X
Native American	Female	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	Female	X	X	X	X	X	X	X	X	X	X	X	X
African American	Female	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	Female	X	X	X	X	X	X	X	X	X	X	X	X
White	Female	X	X	X	X	X	X	X	X	X	X	X	X
Native American	M&F	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	M&F	X	X	\$1,116.4	\$1,116.4	X	X	0.5%	0.2%	X	X	X	X
African American	M&F	\$141.0	X	X	\$1,567.0	0.5%	X	X	0.3%	X	X	X	X
Hispanic	M&F	X	X	X	X	X	X	X	X	X	X	X	X
<b>All MBE</b>	<b>M&amp;F</b>	<b>\$141.0</b>	<b>X</b>	<b>\$1,116.4</b>	<b>\$1,567.0</b>	<b>0.5%</b>	<b>X</b>	<b>0.5%</b>	<b>0.3%</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>All</b>	<b>M&amp;F</b>	<b>X</b>	<b>X</b>	<b>\$1,861.8</b>	<b>\$16,048.8</b>	<b>X</b>	<b>X</b>	<b>0.8%</b>	<b>2.7%</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>Disabled</b>	<b>M&amp;F</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>All DBE*</b>	<b>M&amp;F</b>	<b>X</b>	<b>X</b>	<b>\$2,978.2</b>	<b>\$18,732.1</b>	<b>X</b>	<b>X</b>	<b>1.3%</b>	<b>3.1%</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
* Note: Figures in this row are not necessarily the sum of the above three rows because of businesses who belong to more than one category.													
All	M&F	\$25,832.9	\$27,008.7	\$226,221.9	\$597,073.6								

Source: US Census Survey of Business Owners (2002)  
 "X" denotes data unavailable or insufficient.

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Looking across figures, we can make the following points about the constitution of firms in various DBE categories and contract types:

- Availability rates based on the number of firms with paid employees are consistently lower than those based on just the number of firms, which demonstrates that DBE firms are generally smaller in terms of staffing than majority firms.
- Availability rates based on aggregate annual revenues are consistently lower than those based on numbers of firms, which demonstrates that DBE firms are generally smaller in terms of revenues than majority firms.

In contrast, a narrow approach would recognize that not all firms are in fact part of the universe of “ready, willing, and able” (RWA) firms, and that a stricter interpretation of the legal requirements of RWA would necessitate including only those businesses that are in fact ready to do business with the City, as evidenced by registering with the City to bid for contracts.

Based on a narrower approach and using the City of Philadelphia’s Minority Business Enterprise Council (MBEC) and Procurement Office data to determine the appropriate availability of DBE firms, we can consider only the number of firms in these universes. First, we provide an overview of the City’s availability rate of DBE firms, using the MBEC Vendor List as the numerator and Procurement Office data as the denominator: we consider this approach “Availability (A6)” (see Figure D.6). Second, we provide an overview of the City’s availability rate of DBE firms, using Procurement Office data as both the numerator and the denominator: we consider this approach “Availability (A7)” (see Figure D.7). For both tables “Availability (A6)” and “Availability (A7)”, the Procurement Vendor’s file from calendar year 2007 was utilized for consistency in analysis. As utilization data is reflective of the FY 2007 (July 1, 2006 to June 30, 2007) period, and the Procurement Vendor’s file is reflective of the City’s list as of May 2007, we believe this dataset provides a more reliable and accurate portrayal of both DBE firm availability and the disparity derived from utilization rates.

**Figure D.6 – FY 2007 Availability (A6) – # DBE Firms Divided By # All Firms in Philadelphia MSA, Based on MBEC Vendor List and Procurement Office Vendor List**

Category		DBE				DBE %				DJMA1998-2003			
Ethnicity	Gender	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
Native American	Male	X	X	X	5	X	X	X	0.0%	X	X	X	X
Asian American	Male	X	X	X	103	X	X	X	0.3%	X	X	X	X
African American	Male	1	X	4	436	1.6%	X	0.2%	1.4%	X	X	X	X
Hispanic	Male	X	X	X	74	X	X	X	0.2%	X	X	X	X
Native American	Female	X	X	X	2	X	X	X	0.0%	X	X	X	X
Asian American	Female	X	X	X	31	X	X	X	0.1%	X	X	X	X
African American	Female	X	X	X	175	X	X	X	0.6%	X	X	X	X
Hispanic	Female	X	X	X	23	X	X	X	0.1%	X	X	X	X
White	Female	2	X	3	417	3.3%	X	0.1%	1.3%	X	X	X	X
Native American	M&F	X	X	X	7	X	X	X	0.0%	X	X	X	X
Asian American	M&F	X	X	X	134	X	X	X	0.4%	X	X	X	X
African American	M&F	X	X	X	611	X	X	X	2.0%	X	X	X	X
Hispanic	M&F	X	X	X	97	X	X	X	0.3%	X	X	X	X
All MBE	M&F	X	X	X	849	X	X	X	2.7%	X	X	X	X
All	M&F	X	X	X	648	X	X	X	2.1%	X	X	X	X
Disabled	M&F	X	X	X	6	X	X	X	0.0%	X	X	X	X
All DBE*	M&F	X	X	X	1,272	X	X	X	4.1%	X	X	X	X
* Note: Figures in this row are not necessarily the sum of the above three rows because of businesses who belong to more than one category.													
All	M&F	61	x	2,020	31,223								

Source: MBEC Vendor List (2008) / City of Philadelphia Procurement Office (2007)  
 "X" denotes data unavailable or insufficient.

Figure D.7 – FY 2007 Availability (A7) – # DBE Firms Divided By # All Firms in Philadelphia MSA, Based on Procurement Office Vendor List

Category		DBE				DBE %				DJMA1998-2003			
Ethnicity	Gender	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
Native American	Male	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	Male	X	X	X	X	X	X	X	X	X	X	X	X
African American	Male	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	Male	X	X	X	X	X	X	X	X	X	X	X	X
Native American	Female	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	Female	X	X	X	X	X	X	X	X	X	X	X	X
African American	Female	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	Female	X	X	X	X	X	X	X	X	X	X	X	X
White	Female	X	X	X	X	X	X	X	X	X	X	X	X
Native American	M&F	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	M&F	X	X	X	X	X	X	X	X	X	X	X	X
African American	M&F	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	M&F	X	X	X	X	X	X	X	X	X	X	X	X
All MBE	M&F	5	x	125	3,094	8.2%	x	6.2%	9.9%	x	x	x	x
All Disabled	Female	4	x	24	1,446	6.6%	x	1.2%	4.6%	x	x	x	x
All DBE *	M&F	5	x	125	3,094	8.2%	x	6.2%	9.9%	x	x	x	x
* Note: Figures in this row are not necessarily the sum of the above three rows because of businesses who belong to more than one category.													
All	M&F	61	x	2,020	31,223								

Source: City of Philadelphia Procurement Office (2007)  
 "X" denotes data unavailable or insufficient.

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From these two figures, we can observe the following points:

- As can be expected, availability rates are lower if the MBEC Vendor List is used as the numerator than if Procurement Office data is used:
  - Minority Business Enterprise (MBE) availability of 2.7 percent across all contract categories if the MBEC Vendor List is used, versus 9.9 percent if Procurement Office data is used.
  - Women Business Enterprise (WBE) availability of 2.1 percent across all contract categories if the MBEC Vendor List is used, versus 4.6 percent if Procurement Office data is used.
  - Disadvantaged Business Enterprise (DBE) availability of 4.1 percent across all contract categories if the MBEC Vendor List is used, versus 9.9 percent if Procurement Office data is used.
- In other words, there are more self-identified minority-owned firms and women-owned firms registered with the Procurement Office than there are Minority Business Enterprises (MBE) and Women Business Enterprises (WBE) certified with MBEC. The difference in scale represents a number of groupings of firms:
  - Legitimate self-identified minority-owned and women-owned firms that have registered with the Procurement Office but that have not or have not yet certified with MBEC.
  - Legitimate self-identified minority-owned and women-owned firms that have become certified MBEs or WBEs through some other, federal certification process, but that have not or have not yet certified with MBEC.
  - Formerly MBEC-certified firms whose MBEC certification has expired but who still appear on the Procurement Office Vendor List as "MBE" and/or "WBE."
  - Formerly MBEC-certified firms who have experienced a change of ownership such that they are no longer minority-owned or women-owned, but who still appear on the Procurement Office Vendor List as "MBE" and/or "WBE."
- As can also be expected, availability rates are lower using this "narrow" approach, which defines "ready, willing, and able" as having registered to do business with the City, than the previously described "broad" approach, which defines RWA simply as being a firm in existence.
  - Considering all firms per the SBA/Census survey, MBE availability is 13.1 percent and WBE availability is 26.1 percent. Considering all firms with paid employees, per the SBA/Census survey, MBE availability is 9.0 percent and WBE availability is 15.5 percent.
  - This means that as we go from a "broad" approach to a "narrow" approach, there is larger proportionate drop in availability in DBE categories than with the majority population. In other words, the ratio of DBE firms registered with the City to all firms registered with the City is smaller than the ratio of DBE firms that exist to all firms that exist. Shoring up this discrepancy

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is a significant component to ensuring fair participation in the economic opportunities represented by City contracts.

- In general, DBE categories represent a very small percentage of the pool of 31,223 firms that have registered to do business with the City, per the Procurement Office list. Only 4.1 percent of those firms are certified as DBE firms by MBEC: 2.7 percent as MBEs and 2.1 percent as WBEs. Even if one were to add the uncertified firms to the list of certified DBE firms, availability would still be relatively low: 5.4 percent of these firms are considered DBE, 3.5 percent as MBE and 2.6 percent as WBE.

## APPENDIX E: DISPARITY CHARTS

As the previous appendices indicate, we have calculated utilization in three different ways, based on differing units of geography; and we have calculated availability in seven different ways, based on various approaches to proxying “ready, willing, and able” firms. In determining the appropriate disparity ratios, we must properly match utilization approaches with commensurate availability approaches.

First, we can match Utilization (U1) with Availability (A1), because both consider just the City of Philadelphia as the unit of geography (see Figure E.X).

**Figure E.1 - FY 2007 Disparity (D1) – Utilization Rate and Availability Rate Sized to City of Philadelphia**

Category		PW			PPS			SSE			All City Contracts		
Ethnicity	Gender	City	Metro	All	City	Metro	All	City	Metro	All	City	Metro	All
Native American	Male	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	Male	X	X	X	X	X	X	X	X	X	X	X	X
African American	Male	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	Male	X	X	X	X	X	X	X	X	X	X	X	X
Native American	Female	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	Female	X	X	X	X	X	X	X	X	X	X	X	X
African American	Female	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	Female	X	X	X	X	X	X	X	X	X	X	X	X
White	Female	X	X	X	X	X	X	X	X	X	0.1	X	X
Native American	M&F	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	M&F	X	X	X	X	X	X	X	X	X	0.0	X	X
African American	M&F	X	X	X	X	X	X	X	X	X	0.5	X	X
Hispanic	M&F	X	X	X	X	X	X	X	X	X	0.5	X	X
All MBE	M&F	X	X	X	X	X	X	X	X	X	0.3	X	X
Disabled	M&F	X	X	X	X	X	X	X	X	X	X	X	X
All	Female	X	X	X	X	X	X	X	X	X	X	X	X
All DBE *	M&F	X	X	X	X	X	X	X	X	X	0.2	X	X

Sources: Utilization = MBEC Annual Participation Report (2007); Availability = US Small Business Administration – Philadelphia District Office (2004)

\*X\* denotes data unavailable or insufficient

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As described in Section 2 and in Section 3.2, there is a broad and a narrow approach to defining Disadvantaged Business Enterprise (DBE) availability. Based on the broad approach and using 2002 US Census data, we can further delineate between the number of firms, the number of firms with paid employees, the aggregate annual revenues of firms, and the aggregate annual revenues of firms with paid employees.

These represent four approaches to determining the appropriate availability of DBE firms, and therefore four sets of results in determining the disparity ratio, which we call D2, D3, D4 and D5. Figure E.2, Figure E.3, Figure E.4, and Figure E.5 provide an overview of the City's utilization of DBE firms in its awarding of contracts:

- The first two columns delineate which DBE category is being considered.
- The following three columns show the utilization of various DBE categories in Public Works contracts.
- The next three columns show the utilization of various DBE categories in Personal and Professional Services contracts.
- The next three columns show the utilization of various DBE categories in Services, Supplies, and Equipment contracts.
- The following three columns show the utilization of various DBE categories across all contract types.
- The final four columns show any equivalent figures available from the DJMA analysis of 1998-2003 data.

Within each set of columns, we further broke out contracts awarded to DBE firms based on whether they are listed in the City of Philadelphia's Minority Business Enterprise Council (MBEC) Vendor List as having a Philadelphia zip code ("City") or a zip code of one of the nine counties in the Philadelphia Metropolitan Statistical Area (MSA) ("Metro"), or regardless of where they are located ("All"). In this way, we can further determine the utilization of local DBE firms, not just all DBE firms.

**Figure E.2 – FY 2007 Disparity (D2) – Availability Rate Based on # Firms in Philadelphia MSA**

<u>Category</u>		<u>PW</u>			<u>PPS</u>			<u>SSE</u>			<u>All City Contracts</u>		
<u>Ethnicity</u>	<u>Gender</u>	<u>City</u>	<u>Metro</u>	<u>All</u>	<u>City</u>	<u>Metro</u>	<u>All</u>	<u>City</u>	<u>Metro</u>	<u>All</u>	<u>City</u>	<u>Metro</u>	<u>All</u>
Native American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Male	x	x	x	x	x	x	x	x	x	x	x	x
African American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Male	x	x	x	x	x	x	x	x	x	x	x	x
Native American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Female	x	x	x	x	x	x	x	x	x	x	x	x
African American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Female	x	x	x	x	x	x	x	x	x	x	x	x
White	Female	X	X	X	X	X	X	X	X	X	X	X	X
Native American	M&F	0.0	0.0	9.4	0.0	0.0	0.4	0.0	0.0	0.4	0.0	0.0	3.2
Asian American	M&F	X	X	X	0.0	0.4	0.5	0.0	0.3	0.3	0.0	0.4	0.4
African American	M&F	1.0	1.4	1.5	2.8	3.3	3.5	0.8	2.1	2.1	1.2	1.6	1.6
Hispanic	M&F	0.4	0.5	0.5	1.3	2.1	2.4	0.3	0.5	0.5	0.7	0.9	1.0
<b>All MBE</b>	<b>M&amp;F</b>	<b>0.7</b>	<b>1.3</b>	<b>1.7</b>	<b>1.5</b>	<b>2.0</b>	<b>2.1</b>	<b>0.3</b>	<b>0.8</b>	<b>0.8</b>	<b>0.6</b>	<b>1.0</b>	<b>1.1</b>
<b>Disabled</b>	<b>M&amp;F</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>All</b>	<b>Female</b>	<b>0.3</b>	<b>1.2</b>	<b>1.4</b>	<b>0.1</b>	<b>0.3</b>	<b>0.4</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>0.3</b>	<b>0.4</b>
<b>All DBE</b>	<b>M&amp;F</b>	<b>0.4</b>	<b>1.0</b>	<b>1.2</b>	<b>0.4</b>	<b>0.6</b>	<b>0.7</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>	<b>0.3</b>	<b>0.4</b>	<b>0.5</b>

Sources: Utilization = MBEC Annual Participation Report (FY 2007), Availability = US Census Survey of Business Owners (2002)  
 "X" denotes data unavailable or insufficient.

**Figure E.3 – FY 2007 Disparity Ratio (D3) - Availability Rate Based on # Firms >1 Employee in Philadelphia MSA**

<u>Category</u>		<u>PW</u>			<u>PPS</u>			<u>SSE</u>			<u>All City Contracts</u>		
<u>Ethnicity</u>	<u>Gender</u>	<u>City</u>	<u>Metro</u>	<u>All</u>	<u>City</u>	<u>Metro</u>	<u>All</u>	<u>City</u>	<u>Metro</u>	<u>All</u>	<u>City</u>	<u>Metro</u>	<u>All</u>
Native American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Male	x	x	x	x	x	x	x	x	x	x	x	x
African American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Male	x	x	x	x	x	x	x	x	x	x	x	x
Native American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Female	x	x	x	x	x	x	x	x	x	x	x	x
African American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Female	x	x	x	x	x	x	x	x	x	x	x	x
White	Female	x	x	x	x	x	x	x	x	x	x	x	x
Native American	M&F	0.0	0.0	7.9	0.0	0.0	0.5	X	X	X	0.0	0.0	4.1
Asian American	M&F	X	X	X	0.0	0.4	0.5	0.0	0.2	0.2	0.0	0.3	0.4
African American	M&F	2.2	3.2	3.3	6.7	6.9	8.3	3.3	8.2	8.3	3.2	4.3	4.5
Hispanic	M&F	1.1	1.2	1.2	1.8	2.9	3.2	0.7	1.0	1.0	1.2	1.7	1.8
<b>All MBE</b>	<b>M&amp;F</b>	<b>1.5</b>	<b>2.7</b>	<b>3.6</b>	<b>2.1</b>	<b>2.9</b>	<b>3.1</b>	<b>0.4</b>	<b>1.0</b>	<b>1.0</b>	<b>0.9</b>	<b>1.4</b>	<b>1.6</b>
<b>Disabled</b>	<b>M&amp;F</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>All</b>	<b>Female</b>	<b>0.3</b>	<b>1.1</b>	<b>1.4</b>	<b>0.2</b>	<b>0.5</b>	<b>0.6</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.2</b>	<b>0.5</b>	<b>0.7</b>
<b>All DBE</b>	<b>M&amp;F</b>	<b>0.5</b>	<b>1.3</b>	<b>1.5</b>	<b>0.6</b>	<b>0.9</b>	<b>1.1</b>	<b>0.3</b>	<b>0.6</b>	<b>0.6</b>	<b>0.4</b>	<b>0.7</b>	<b>0.8</b>

*Sources: Utilization = MBEC Annual Participation Report (FY 2007), Availability = US Census Survey of Business Owners (2002)  
 "X" denotes data unavailable or insufficient.*

**Figure E.4 – FY 2007 Disparity Ratio (D4) - Availability Rate Based on \$ Revenue of Firms**

Category		PW			PPS			SSE			All City Contracts		
Ethnicity	Gender	City	Metro	All	City	Metro	All	City	Metro	All	City	Metro	All
Native American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Male	x	x	x	x	x	x	x	x	x	x	x	x
African American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Male	x	x	x	x	x	x	x	x	x	x	x	x
Native American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Female	x	x	x	x	x	x	x	x	x	x	x	x
African American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Female	x	x	x	x	x	x	x	x	x	x	x	x
White	Female	x	x	x	x	x	x	x	x	x	x	x	x
Native American	M&F	X	X	X	X	X	X	0.0	0.0	29.2	X	X	X
Asian American	M&F	X	X	X	X	X	X	0.2	1.5	1.5	0.1	2.2	2.4
African American	M&F	X	X	X	X	X	X	34.2	84.8	85.9	20.9	27.8	29.0
Hispanic	M&F	X	X	X	X	X	X	6.1	8.7	8.7	6.9	9.8	10.3
<b>All MBE</b>	<b>M&amp;F</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>2.9</b>	<b>7.7</b>	<b>7.9</b>	<b>6.1</b>	<b>9.5</b>	<b>10.8</b>
<b>Disabled</b>	<b>M&amp;F</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>						
<b>All</b>	<b>Female</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>5.4</b>	<b>6.0</b>	<b>6.6</b>	<b>1.2</b>	<b>2.7</b>	<b>3.5</b>
<b>All DBE</b>	<b>M&amp;F</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>3.0</b>	<b>6.1</b>	<b>6.5</b>	<b>2.3</b>	<b>4.0</b>	<b>4.8</b>

Sources: Utilization = MBEC Annual Participation Report (FY 2007), Availability = US Census Survey of Business Owners (2002)  
 "X" denotes data unavailable or insufficient.

**Figure E.5 – Disparity Ratio (D5) - Availability Rate Based on \$ Revenue of Firms >1 Employee**

Category		PW			PPS			SSE			All City Contracts		
Ethnicity	Gender	City	Metro	All	City	Metro	All	City	Metro	All	City	Metro	All
Native American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Male	x	x	x	x	x	x	x	x	x	x	x	x
African American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Male	x	x	x	x	x	x	x	x	x	x	x	x
Native American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Female	x	x	x	x	x	x	x	x	x	x	x	x
African American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Female	x	x	x	x	x	x	x	x	x	x	x	x
White	Female	x	x	x	x	x	x	x	x	x	x	x	x
Native American	M&F	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	M&F	X	X	X	X	X	X	0.4	3.4	3.4	0.4	9.6	10.7
African American	M&F	5.3	7.8	7.9	X	X	X	X	X	X	26.3	35.1	36.6
Hispanic	M&F	X	X	X	X	X	X	X	X	X	X	X	X
<b>All MBE</b>	<b>M&amp;F</b>	<b>7.5</b>	<b>14.0</b>	<b>18.5</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>7.9</b>	<b>20.9</b>	<b>21.5</b>	<b>32.0</b>	<b>49.5</b>	<b>56.4</b>
<b>Disabled</b>	<b>M&amp;F</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>All</b>	<b>Female</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>6.1</b>	<b>6.8</b>	<b>7.4</b>	<b>1.3</b>	<b>3.0</b>	<b>3.9</b>
<b>All DBE</b>	<b>M&amp;F</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>5.2</b>	<b>10.5</b>	<b>11.2</b>	<b>3.2</b>	<b>5.6</b>	<b>6.6</b>

Sources: Utilization = MBEC Annual Participation Report (FY 2007), Availability = US Census Survey of Business Owners (2002)  
 "X" denotes data unavailable or insufficient.

Figure E.6 provides an overview of the City's disparity ratios, using the MBEC Vendor List as the numerator and Procurement Office data as the denominator (D5). Figure E.7 provides an overview of the City's disparity ratios, using Procurement Office data as both the numerator and the denominator (D6).

**Figure E.6 – FY 2007 Disparity (D6) – Availability Rate Based on # DBE Firms divided by # All Firms in Philadelphia MSA, Based on MBEC Vendor List and Procurement Office Vendor List**

Category		PW			PPS			SSE			All City Contracts		
Ethnicity	Gender	City	Metro	All	City	Metro	All	City	Metro	All	City	Metro	All
Native American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Male	x	x	x	x	x	x	x	x	x	x	x	x
African American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Male	x	x	x	x	x	x	x	x	x	x	x	x
Native American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Female	x	x	x	x	x	x	x	x	x	x	x	x
African American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Female	x	x	x	x	x	x	x	x	x	x	x	x
White	Female	x	x	x	x	x	x	x	x	x	1.3	3.4	4.4
Native American	M&F	x	x	x	x	x	x	x	x	x	0.1	0.1	40.3
Asian American	M&F	x	x	x	x	x	x	x	x	x	0.2	4.2	4.7
African American	M&F	x	x	x	x	x	x	x	x	x	3.5	4.7	4.9
Hispanic	M&F	x	x	x	x	x	x	x	x	x	4.5	6.4	6.8
<b>All MBE</b>	<b>M&amp;F</b>	<b>x</b>	<b>3.1</b>	<b>4.8</b>	<b>5.4</b>								
<b>Disabled</b>	<b>M&amp;F</b>	<b>x</b>	<b>0.0</b>	<b>2.1</b>	<b>2.1</b>								
<b>All</b>	<b>Female</b>	<b>x</b>	<b>1.7</b>	<b>3.9</b>	<b>5.0</b>								
<b>All DBE</b>	<b>M&amp;F</b>	<b>x</b>	<b>2.5</b>	<b>4.3</b>	<b>5.1</b>								

Sources: Utilization: MBEC Annual Participation Report (2007); Availability = MBEC Vendor List (2008), City of Philadelphia Procurement Office (2007)

"X" denotes data unavailable or insufficient.

**Figure E.7 – FY 2007 Disparity – Availability Based on # DBE Firms divided by # All Firms in Philadelphia MSA, Based on Procurement Office Vendor List**

Category		PW			PPS			SSE			All City Contracts		
Ethnicity	Gender	City	Metro	All	City	Metro	All	City	Metro	All	City	Metro	All
Native American	Male	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	Male	X	X	X	X	X	X	X	X	X	X	X	X
African American	Male	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	Male	X	X	X	X	X	X	X	X	X	X	X	X
Native American	Female	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	Female	X	X	X	X	X	X	X	X	X	X	X	X
African American	Female	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	Female	X	X	X	X	X	X	X	X	X	X	X	X
White	Female	X	X	X	X	X	X	X	X	X	X	X	X
Native American	M&F	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	M&F	X	X	X	X	X	X	X	X	X	X	X	X
African American	M&F	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	M&F	X	X	X	X	X	X	X	X	X	X	X	X
<b>All MBE</b>	<b>M&amp;F</b>	<b>0.5</b>	<b>0.9</b>	<b>1.2</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>0.6</b>	<b>1.7</b>	<b>1.7</b>	<b>0.8</b>	<b>1.3</b>	<b>1.5</b>
<b>Disabled</b>	<b>M&amp;F</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>All</b>	<b>Female</b>	<b>0.4</b>	<b>1.4</b>	<b>1.7</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>4.2</b>	<b>4.7</b>	<b>5.1</b>	<b>0.8</b>	<b>1.7</b>	<b>2.2</b>
<b>All DBE</b>	<b>M&amp;F</b>	<b>0.7</b>	<b>1.7</b>	<b>2.0</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>1.1</b>	<b>2.2</b>	<b>2.4</b>	<b>1.0</b>	<b>1.8</b>	<b>2.1</b>

Sources: Utilization: MBEC Annual Participation Report (2007); Availability = City of Philadelphia Procurement Office (2007)  
 "X" denotes data unavailable or insufficient.

From these two figures, we can observe the following points:

- As can be expected, disparity ratios are higher if the MBEC Vendor List is used as the numerator of the availability rate than if Procurement Office data is used as the numerator of the availability rate. This is because availability rates are lower using the MBEC Vendor List as the numerator, as described previously.
- The disparity ratio for MBEs and WBEs in the Philadelphia MSA is above 1.0:

- 
- 4.8 for MBEs and 3.9 for WBEs, if the MBEC Vendor List is used as the numerator of the availability rate. In FY 2006, these ratios were 4.6 and 3.2, respectively.
  - 1.3 for MBEs and 1.7 for WBEs, if Procurement Office data is used as the numerator of the availability rate. In FY 2006, these ratios were 1.2 and 1.3, respectively.
  - MBE and WBE disparity ratios are higher if, instead of considering just firms in the Philadelphia MSA, all MBEC-certified vendors are considered, regardless of their geographic location.
    - The MBE disparity ratio is 5.4 for all firms, versus 4.8 for Philadelphia MSA firms and 3.1 for Philadelphia firms (a 43 percent drop-off from “All” to “City”). In FY 2006, this drop-off totaled 39 percent.
    - The WBE disparity ratio is 5.0 for all firms, versus 3.9 for Philadelphia MSA firms and 1.7 for Philadelphia firms (a 66 percent drop-off from “All” to “City”). In FY 2006, this drop-off was equivalent to 54 percent.
    - This suggests that a higher proportion of City contracts go to MBEC-certified vendors outside the Philadelphia MSA (utilization), relative to the proportion of the MBEC Vendor List that is represented by firms outside the Philadelphia MSA (availability). Further, it appears this disparity in geography is increasing from year to year.
  - The numbers, while smaller, are almost identical in terms of drop-off, if, instead of using the MBEC Vendor List as the numerator of the availability rate, Procurement Office data is used.
    - The MBE disparity ratio, in this case, is 1.5 for all firms, versus 1.3 for Philadelphia MSA firms and 0.8 for Philadelphia firms (a nearly 50 percent drop-off from “All” to “City”). In FY 2006, this drop-off was 39 percent.
    - The WBE disparity ratio is 2.2 for all firms, versus 1.7 for Philadelphia MSA firms and 0.8 for Philadelphia firms (a 64 percent drop-off from “All” to “City”). In FY 2006, this drop-off was 62 percent.
    - Again, this suggests that a higher proportion of City contracts went to vendors outside the Philadelphia MSA that have registered with the Procurement Office (utilization), relative to the proportion of the Procurement Office Vendor List that is represented by firms outside the Philadelphia MSA (availability). Similarly, the disparity between utilization in Philadelphia versus utilization of DBE firms outside of the City is increasing over time.