

CITY OF PHILADELPHIA FISCAL YEAR 2011 ANNUAL DISPARITY STUDY

Final Report Submitted To:

City of Philadelphia
Office of Economic Opportunity
1515 Arch Street, 12th floor
Philadelphia PA 19102

Final Report Submitted By:

Econsult Corporation
1435 Walnut Street Suite 300
Philadelphia PA 19102

Milligan & Company
105-107 N. 22nd Street 2nd Floor
Philadelphia PA 19103

Winston Terrell
1449 North Pennsylvania Street
Indianapolis, IN 46202

FINAL REPORT – May 31, 2012

Volume 1

EXECUTIVE SUMMARY	iii
1 OVERVIEW	1
1.1 Study Background	1
1.2 Study Purpose	2
1.3 Legal Basis	3
1.4 Disparity	3
1.5 Utilization	4
1.6 Availability	5
1.7 Report Overview	5
2 RESULTS.....	7
3 PARTICIPATION GOALS	14
4 RECOMMENDATIONS	17
4.1 Overview	17
4.2 Utilization Continues to Increase.....	19
4.3 Growing Use of M/W/DSBEs Outside MSA	22
4.4 Total Dollar Amount & Number of Contracts to M/W/DSBEs Increasing	23
4.5 M/W/DSBEs Primed More Contracts.....	25
4.6 M/W/DSBE Availability Continues to Decrease.....	26
4.7 Overall Dispartiy is Improving.....	30

EXECUTIVE SUMMARY

INTRODUCTION

Econsult Corporation, Milligan & Company, and Winston Terrell are pleased to submit the **Annual Disparity Study for Fiscal Year (FY) 2011** to the City of Philadelphia. This study is designed to analyze the City's utilization of Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs), and Disabled Business Enterprises (DSBEs) (collectively known as M/W/DSBEs), relative to the availability of such firms to compete for City business, for **Public Works (PW), Personal and Professional Services (PPS), and Supplies, Services, and Equipment (SSE)** contracts. It determines the extent to which a disparity between utilization and availability exists, and provides critical data in the formation of annual Participation Goals.

Only \$779 million, or about one-fifth of the City's annual operating budget, were directly analyzed in this Disparity Study, representing sealed bid and non-competitively bid contracts, and including \$97 million in federally funded PW contracts over which the City has some goal-setting influence, for which M/W/DSBE utilization was 9.6 percent. This does not include \$211 million in spending by quasi-public entities (Philadelphia Housing Development Corporation, Philadelphia Industrial Development Corporation, and Redevelopment Authority), for which M/W/DSBE utilization was 29.7 percent.

RESULTS

- 1. M/W/DSBE Utilization Continues to Increase – For the second year in a row M/W/DSBE utilization increased by two and a half percentage points, from 20.8 percent in FY 2010 to 23.3 percent in FY 2011, or \$181 million of the \$779 million in contracts (see Table ES.1).**

Table ES.1 – FY 2011 Utilization of M/W/DSBEs in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by M/W/DSBE Category

M/W/DSBE Category	FY 11	FY 11	FY 11	FY 11	FY 10	FY 10	FY 10	FY 10
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
White Female	10.5%	5.5%	6.8%	8.0%	7.0%	6.2%	4.6%	5.9%
Native American	0.7%	0.0%	0.0%	0.2%	1.4%	0.0%	0.0%	0.3%
Asian American	1.3%	4.7%	0.1%	2.7%	3.1%	1.9%	0.4%	1.7%
African American	4.0%	14.5%	9.9%	10.0%	7.3%	6.2%	25.1%	11.8%
Hispanic	3.3%	1.3%	2.0%	2.2%	2.3%	0.6%	0.3%	0.9%
All MBE	9.3%	20.7%	12.1%	15.3%	14.6%	9.0%	25.8%	14.9%
All WBE	12.1%	10.0%	7.0%	10.8%	10.9%	8.3%	8.6%	8.9%
Disabled	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	0.1%
All M/W/DSBE	19.8%	26.2%	18.9%	23.3%	21.9%	15.2%	30.4%	20.8%

Source: FY 2011 OEO Participation Report (2012), Econsult Corporation (2012)

- 2. Growing Use of M/W/DSBEs Outside the MSA** – There is continued growth in the participation of M/W/DSBEs located outside the Philadelphia Metropolitan Statistical Area (MSA). The percentage of contract dollars going to M/W/DSBEs located outside the MSA increased from 8.4 percent in FY 2010 to 9.9 percent in FY 2011 for all contract types (see Table ES.2).

Table ES.2 – FY 2011 Utilization of M/W/DSBEs in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Location¹ of M/W/DSBE

Location of M/W/DSBE	FY 11	FY 11	FY 11	FY 11	FY 10	FY 10	FY 10	FY 10
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
City	2.2%	12.0%	5.1%	7.3%	4.1%	4.3%	16.8%	7.8%
In MSA but Outside City	11.1%	4.0%	0.2%	6.1%	13.3%	3.5%	0.5%	4.6%
MSA	13.3%	16.0%	5.3%	13.4%	17.4%	7.8%	17.4%	12.4%
In US but Outside MSA	6.5%	10.2%	13.5%	9.9%	4.5%	7.4%	13.0%	8.4%
US	19.8%	26.2%	18.9%	23.3%	21.9%	15.2%	30.4%	20.8%
Non-M/W/DSBEs	80.2%	73.8%	81.1%	76.7%	78.1%	84.8%	69.6%	79.2%

Source: FY 2011 OEO Participation Report (2012), Econsult Corporation (2012)

3. M/W/DSBEs Primed More Contracts But Dollar Amounts Still Half of Non-M/W/DSBEs

For a second year, the percentage of contracts primed by M/W/DSBEs increased. M/W/DSBEs primed 15.0 percent of City contracts in FY 2011 (up from 12.9 percent in FY 2010 and 9.9 percent in FY 2009), representing 8.7 percent of City contracts by dollar amount (up from 5.8 percent in FY 2010). Additionally, the average contract size of contracts primed by M/W/DSBEs grew from \$240,000 to \$350,000, but continues to lag behind that of non-M/W/DSBEs (\$240,000 vs. \$600,000 in FY 2010, \$350,000 vs. \$650,000 in FY 2011), particularly for PW contracts (\$870,000 vs. \$1.92 million in FY 2011) (see Table ES.3 and ES.4).

¹ “Location” represents three concentric circles: “City” means the M/W/DSBE is located within the City of Philadelphia, “MSA” means it is located within the Philadelphia MSA, and “US” is the whole nation.

Table ES.3 – FY 2011 Utilization of M/W/DSBEs as Prime Contractor in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities) (by # and \$ of Contracts)

	FY 11 PW	FY 11 PPS	FY 11 SSE	FY 11 All Contract Types	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types
<i>% Primed by M/W/DSBE</i>								
By #	4.6%	21.5%	5.1%	15.0%	3.3%	17.5%	4.4%	12.9%
By \$	2.2%	15.0%	5.0%	8.7%	0.4%	6.1%	8.9%	5.8%
<i>Average Contract Size (\$M)</i>								
M/W/DSBE Primes	\$0.87	\$0.33	\$0.34	\$0.35	\$0.20	\$0.15	\$1.10	\$0.24
Non-M/W/DSBE Primes	\$1.92	\$0.51	\$0.35	\$0.65	\$2.03	\$0.48	\$0.52	\$0.60

Source: FY 2011 OEO Participation Report (2012), Econsult Corporation (2012)

Table ES.4 – FY 2011 Distribution of M/W/DSBE Contracts in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities)

	FY 11 PW	FY 11 PPS	FY 11 SSE	FY 11 All Contract Types	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types
# Contracts	151	773	351	1,275	60	701	315	1,076
% Contracts with at Least 1 M/W/DSBE Participating	87.4%	44.0%	12.8%	40.5%	85.0%	32.0%	7.0%	27.6%
% Contracts Awarded to M/W/DSBE Prime Contractors	4.6%	21.5%	5.1%	15.0%	3.3%	17.5%	4.4%	12.9%
% Contracts With At Least 1 M/W/DSBE Sub-Contractor	82.8%	22.5%	7.7%	25.6%	85.0%	17.0%	3.2%	16.9%

Source: FY 2011 OEO Annual Participation Report (2012), Econsult Corporation (2012)

4. **M/W/DSBE Availability Continues to Decrease, Overall Disparity is Improving – M/W/DSBEs represent 19.1 percent of firms with employees within the Philadelphia MSA, down from 22.5 percent in FY 2010, which was a decrease from 24.6 percent in FY 2009 (see Table ES.5).² With increasing utilization and decreasing availability, the disparity ratio for all M/W/DSBEs improved from .55 in FY 2010 to .70 in FY 2011 (see Table ES.6).**

Table ES.5 – FY 2011 Availability of Minority-and Women-Owned Firms among Firms with Employees within the Philadelphia MSA

M/W/DSBE Category	FY 11 PW	FY 11 PPS	FY 11 SSE	FY 11 All Contract Types	FY10 PW	FY10 PPS	FY10 SSE	FY 10 All Contract Types	FY 09 All Contract Types
All MBE	2.9%	8.6%	4.5%	5.9%	4.1%	7.3%	8.5%	7.5%	9.0%
All WBE	8.5%	17.7%	11.1%	13.3%	10.8%	16.3%	14.8%	15.0%	15.5%
All M/W/DSBE	11.4%	26.3%	15.6%	19.1%	14.9%	23.6%	23.3%	22.5%	24.6%

Source: US Census Bureau Survey of Business Owners (2007), Econsult Corporation (2010, 2011, 2012)

Table ES.6 – FY 2011 Disparity Ratio = Utilization of For-Profit M/W/DSBE Contractors Located in the Philadelphia MSA in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), Divided by Availability of M/W/DSBE Firms in Philadelphia MSA with >1 Employee

M/W/DSBE Category	FY 11 PW	FY 11 PPS	FY 11 SSE	FY 2011 All Contract Types	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 2010 All Contract Types
All MBE	2.07	1.63	0.13	1.53	2.66	0.77	1.51	1.16
All WBE	0.90	0.28	0.44	0.45	0.75	0.22	0.46	0.36
All M/W/DSBE	1.16	0.61	0.34	0.70	1.17	0.33	0.75	0.55

Source: Econsult Corporation (2012); Utilization = FY 2011 OEO Participation Report (2012); Availability = US Small Business Administration – Philadelphia District Office (2012)

² The change from FY 2010 to FY 2011 reflects not a change in availability at the individual product or service level, but rather a change in the composition of products and services procured by the City.

PARTICIPATION GOALS

We base our recommended participation goals on a comparison of current utilization rates and availability rates. For some M/W/DSBE 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 M/W/DSBE categories and contract types, current utilization rates are higher than current availability rates (i.e. the disparity ratio is greater than 1.0) (see Table ES.7).

Table ES.7 – Recommended Citywide Participation Goals for City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type and by M/W/DSBE Category³

	PW	PPS	SSE	All Contract Types
White Female	U: 10%	U: 5%	U: 7%	U: 8%
Native American	U: 0.7%	U/A: 0%	U/A: 0%	U: 0.2%
Asian American	U: 1%	U: 5%	A: 2%	U/A: 3%
African American	U: 4%	U: 14%	U: 10%	U: 10%
Hispanic	U: 3%	U: 1%	U: 2%	U: 2%
All MBE	U: 9%	U: 21%	U: 12%	U: 15%
All WBE	U: 12%	A: 18%	A: 11%	A: 13%
City-Based M/W/DSBE	U: 2%	U: 12%	U: 5%	U: 7%
All M/W/DSBE	U: 20%	U: 26%	U: 19%	S: 25%

Source: Econsult Corporation (2012)

Although the data analysis shows a decline in availability, the FY 2011 results indicate a **continued increase in participation levels** and are the basis for recommended Participation Goals of at least 25 percent for all M/W/DSBEs (see Table ES.8).

³ Prefix of “U” = 2011 Utilization Rate > 2011 Availability Rate (i.e. disparity ratio > 1.0). Prefix of “U/A” = 2011 Utilization Rate = 2011 Availability Rate (i.e. disparity ratio = 1.0). Prefix of “A” = 2011 Availability Rate > 2011 Utilization Rate (i.e. disparity ratio < 1.0). Prefix of “S” = Goal > 2011 Utilization Rate and 2011 Availability Rate.

Table ES.8 – Actual and Recommended M/W/DSBE Utilization for City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities)

	Actual ⁴						Recommended		
	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
All M/W/DSBE	23.6%	22.3%	19.2%	19.0%	20.8%	23.3%	24.0%	25.0%	25.0%
MBE	17.7%	15.7%	14.8%	14.1%	14.9%	15.3%	15.0%	15.0%	15.0%
WBE	9.9%	10.8%	7.6%	8.6%	8.9%	10.8%	11.0%	12.0%	13.0%
PW	19.6%	16.5%	15.1%	12.1%	21.9%	19.8%	20.0%	20.0%	20.0%
PPS	25.8%	27.5%	22.7%	22.9%	15.2%	26.2%	26.0%	26.0%	26.0%
SSE	22.2%	17.1%	18.6%	12.8%	30.4%	18.9%	19.0%	19.0%	19.0%

Source: Econsult Corporation (2012)

⁴ FY 2006 to FY 2009 results are adjusted to include SSE waste management spending that was not previously accounted for in published Annual Disparity Studies because it was from amendments to existing contracts rather than awarded contracts.

1 OVERVIEW

Econsult Corporation, Milligan & Company, and Winston Terrell are pleased to submit the **Annual Disparity Study for Fiscal Year (FY) 2011** to the City of Philadelphia. The study includes a brief discussion of the purpose, results of the study and recommendations for FY 2012 and beyond. The legal basis of this study, a broad overview of the legal context in which the establishment of procurement programs for disadvantaged groups arose, a contextual summary of the procurement process, the expenditure context, a report overview, as well as all detailed data tables are included in the accompanying appendices.

1.1 STUDY BACKGROUND

Pursuant to Title 17 of the Philadelphia Code, as amended by Ordinance 060855-A, this study is designed to analyze the City's utilization of Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs), and Disabled Business Enterprises (DSBEs) (collectively known as M/W/DSBEs), relative to the availability of such firms to compete for City business, for **Public Works (PW)**, **Personal and Professional Services (PPS)**, and **Supplies, Services, and Equipment (SSE)** contracts. It determines the extent to which a disparity between utilization and availability exists, and provides critical data in the formation of annual Participation Goals.

With the *Richmond v. J.A. Croson Company* (1989) case, the Supreme Court clearly defined the parameters under which race-based programs will stand as those that meet a compelling government interest, are narrowly tailored to remedy the effects of prior discrimination, and define an availability rate that utilizes the notion of “**ready, willing and able**” (**RWA**) firms. Disparity Studies have subsequently become a recognized manner in which localities can determine whether and where disparities exist, so as to respond accordingly with a combination of race- and gender-specific as well as race- and gender-neutral programming.

Only \$779 million, or about one-fifth of the City's annual operating budget, were directly analyzed in this Disparity Study, representing sealed bid and non-competitively bid contracts, and including \$97 million in federally funded PW contracts over which the City has some goal-setting influence, for which M/W/DSBE utilization was 9.6 percent.⁵ This does not include \$211

⁵ US Department of Transportation funded contracts (i.e., Federal Aviation Administration (FAA), Federal Highway Administration (FHWA), and Federal Transit Administration (FTA) funded contracts) are subject to 49 CFR Part 26 which establishes a single goal for the participation of Disadvantaged Business Enterprises (DBEs), as those firms are defined in Section 26.5. In the instance of FHWA contracts, the Pennsylvania Department of Transportation (PennDOT) establishes the contract goal for DBEs since the City is a subrecipient to PennDOT. For FAA assisted

million in spending by quasi-public entities (Philadelphia Housing Development Corporation, Philadelphia Industrial Development Corporation, and Redevelopment Authority), for which M/W/DSBE utilization was 29.7 percent. The expenditures evaluated in this report therefore represent **what is under executive control from a procurement standpoint**.

1.2 STUDY PURPOSE

Pursuant to Title 17 of the Philadelphia Code, as amended by **Ordinance 060855-A**, this Disparity Study is designed to analyze the City's utilization of Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs), and Disabled Business Enterprises (DSBEs), collectively known as M/W/DSBEs,⁶ 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 Annual Participation Goals. This is an important component of what should be an overall, multifaceted strategy to safeguard the public interest by identifying and rectifying instances of discrimination, and proactively seeking ways to promote the inclusive participation of minority, women, and disabled owned businesses in economic opportunities. It also presents an opportunity to evaluate operational and programmatic changes for greater efficiency in internal administration and in the provision of technical assistance and business financing resources.⁷

contracts, the City's DBE Program Office, and not OEO, establishes the DBE contract goal which is subject to federal guidance. Likewise, contracts funded by the Environmental Protection Agency do not contain a numeric goal but require the solicitation of DBEs. These federal programs do not permit the application of local requirements (i.e., Executive Order 02-05 or Chapter 17-1600) to contracts receiving this express type of federal financial assistance.

⁶ "Disadvantaged Business Enterprise (DBE)" is a federal designation that applies to federally funded contracts. Within the City, the DBE program is run through Philadelphia International Airport.

⁷ 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 2008 interview with Dr. Bernard Anderson, Whitney M. Young Jr. Professor of Management at the Wharton School of Business at the University of Pennsylvania.

1.3 LEGAL BASIS

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’s Home Rule Charter. Per the ordinance, this Annual Disparity Study must distinguish between Personal and Professional Services (PPS) contracts, Public Works (PW) contracts, and Services, Supplies and Equipment (SSE) contracts. In addition, this study is required to analyze M/W/DSBEs owned by persons within the following racial, ethnic, and gender categories:

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

“**Disparity**” reflects the ratio of M/W/DSBE utilization to M/W/DSBE availability. For the purposes of this report, “**utilization**” for each M/W/DSBE category and contract type is defined as the total dollar value of contracts awarded to for-profit M/W/DSBE prime contractors and sub-contractors registered by the City’s Office of Economic Opportunity (OEO) divided by the dollar value of all City contracts awarded to all for-profit prime contractors and sub-contractors, as recorded in OEO’s annual Participation Report. Stated briefly, the utilization rate for a given M/W/DSBE category can be viewed as the percentage of dollars from all City contracts that went to businesses that have been registered as M/W/DSBEs by OEO.

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

The target result, the “**disparity ratio**”, 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”.

1.4 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 M/W/DSBE prime contractors and sub-contractors registered by OEO, 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) M/W/DSBEs in the City, or alternatively, the Philadelphia Metropolitan Statistical Area (MSA),⁸ relative to the City or MSA’s total number of all RWA enterprises.

In other words, we compare the actual utilization of M/W/DSBEs, in the form of contract awards, with an expected utilization of M/W/DSBEs, based on the availability of RWA M/W/DSBEs. 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 M/W/DSBE 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).

1.5 UTILIZATION

Utilization refers to **the participation of firms in various M/W/DSBE categories, as a percentage of all contracts awarded.** In determining utilization rates, we used raw data from OEO’s FY 2011 Participation Report. These data, in addition to summarizing participation by various M/W/DSBE categories and in various City contract types, also list all contracts awarded, including cases in which the prime contractor and/or one or more sub-contractors was a OEO-registered M/W/DSBE.⁹

Given this data set, we were able to verify and reproduce the summary figures in OEO’s Participation Report. Also, given access to OEO’s Vendor List, we were further able to identify the proportion of City contracts awarded to M/W/DSBEs that are headquartered within the City, as well as those that are headquartered within the Philadelphia MSA.

⁸ 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 Philadelphia (PA), Bucks (PA), Chester (PA), Delaware (PA), Montgomery (PA), Burlington (NJ), Camden (NJ), Gloucester (NJ), Salem (NJ), New Castle (DE), and Cecil (MD).

⁹ Importantly, the OEO-registered list we use in determining which contract dollars were awarded to OEO-registered firms is from January 2012. Technically, that list represents a specific point in time, while in reality the OEO-registered list is ever-changing, as M/W/DSBEs are added (i.e. become registered) or removed (e.g. went out of business). What truly matters in terms of M/W/DSBE participation is whether a prime contractor or sub-contractor was OEO-registered 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 subsequent to the end of the fiscal year which the study is covering, is a close enough approximation.

1.6 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 M/W/DSBE 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.

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 M/W/DSBEs with which the City can do business. If, for example, an M/W/DSBE 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 M/W/DSBE category; but second, that the City should work with other entities to work towards a higher availability of firms owned by members of that M/W/DSBE category.

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 the use of the Philadelphia MSA as the geographic boundaries of their availability analysis.

1.7 REPORT OVERVIEW

Volume I of the report consists of sections of results, participation goals, and recommendations.

The Results section of this report (Section 2) provides the major highlights uncovered in the analysis of the FY 2011 data as well as some multi-year trends that are emerging in the City’s utilization of M/W/DSBEs. For a more detailed analysis of the FY 2011 data, see Appendix B of the Annual Disparity Study for Fiscal Year (FY) 2011.

The Participation Goals section (Section 3) provides **participation goals** for future years based on the disparity ratios calculated from the FY 2011 data. We include aggregate participation goals as well as separate participation goals for MBEs, WBEs, and DSBEs, and for PW, PPS, and SSE contracts.

The Recommendations section (Section 4) focuses on strategies and best practices for improving the utilization and availability of M/W/DSBE firms by OEO and the City of Philadelphia with the goal of reducing the disparity ratio.

In Volume II of this report, Appendices A through C of the Annual Disparity Study for Fiscal Year (FY) 2011 provide the background and analysis for the City of Philadelphia FY 2011 Annual Disparity Study.

Appendix A of this report explains the context in which the report was generated and the methodology used. Appendix A also details the approach used to measure the levels of utilization and availability of the various M/W/DSBE 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 FY 1998-2003 study and what changes have been made from the methodology employed in Econsult's previous studies.¹⁰

Appendix B provides a detailed analysis of the **utilization** and **availability** rates we calculated, as well as the **disparity ratios** for the M/W/DSBE categories under consideration. Our analysis is broken down by M/W/DSBE category, as well as geographic location, in order to give a full picture of M/W/DSBE participation in the City of Philadelphia and in the Philadelphia MSA.

Appendix C provides **participation goals** for future years based on the disparity ratios calculated from the FY 2010 data. We include aggregate participation goals as well as separate participation goals for MBEs, WBEs, and DSBEs, and for PW, PPS, and SSE contracts.

Appendices D through I provide detailed data tables generated for the report.

Appendix J is a partial list of commodity codes for which there are few or no M/W/DSBEs available to participate.

¹⁰ The FY 1998 to FY 2003 report by DJMA represents the previous Disparity Study completed prior to the FY 2006 Disparity Study completed by Econsult.

2 RESULTS

An analysis of the FY 2011 data, revealed the following highlights and trends. For all detailed data tables, including department specific data, please see Appendices D through I.

1. **M/W/DSBE Utilization Continues to Increase – For the second year in a row M/W/DSBE utilization in City contracts and federally funded contracts (i.e. not including contracts of quasi-public entities) increased by two and a half percentage points, from 20.8 percent in FY 2010 to 23.3 percent in FY 2011**, or \$181 million of the \$779 million in contracts (see Table 2.1). Since FY 2010, M/W/DSBE utilization has increased nearly three percentage points. Overall participation decreased in PW contracts and SSE contracts, and increased in PPS contracts. Overall participation increased for firms owned by White females, Asian Americans, and Hispanics and decreased for firms owned by Native Americans and African Americans.

Table 2.1 – FY 2011 Utilization of M/W/DSBEs in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by M/W/DSBE Category¹¹

M/W/DSBE Category	FY 11 PW	FY 11 PPS	FY 11 SSE	FY 11 All Contract Types	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types
White Female	10.5%	5.5%	6.8%	8.0%	7.0%	6.2%	4.6%	5.9%
Native American	0.7%	0.0%	0.0%	0.2%	1.4%	0.0%	0.0%	0.3%
Asian American	1.3%	4.7%	0.1%	2.7%	3.1%	1.9%	0.4%	1.7%
African American	4.0%	14.5%	9.9%	10.0%	7.3%	6.2%	25.1%	11.8%
Hispanic	3.3%	1.3%	2.0%	2.2%	2.3%	0.6%	0.3%	0.9%
All MBE	9.3%	20.7%	12.1%	15.3%	14.6%	9.0%	25.8%	14.9%
All WBE	12.1%	10.0%	7.0%	10.8%	10.9%	8.3%	8.6%	8.9%
Disabled	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	0.1%
All M/W/DSBE	19.8%	26.2%	18.9%	23.3%	21.9%	15.2%	30.4%	20.8%

Source: FY 2011 OEO Participation Report (2012), Econsult Corporation (2012)

¹¹ For utilization tables throughout this report, the figure in the bottom row may not total the sum of the above rows, because of businesses that belong to more than one category (e.g. MBE and WBE).

- 2. Growing Use of M/W/DSBEs Outside the MSA** – There is continued growth in the participation of M/W/DSBEs located outside the Philadelphia MSA. The percentage of contract dollars going to M/W/DSBEs located outside the MSA increased from 8.4 percent in FY 2010 to 9.9 percent in FY 2011 for all contract types (see Table 2.3 and Figure 2.1). In FY 2011, there was a significant increase totaling 7.7 percentage points in utilization of City-located M/W/DSBEs for PPS contracts and a decrease (11.7 percentage points) in utilization of City-located M/W/DSBEs for SSE contracts. However, the decrease in utilization of City-located M/W/DSBEs is offset by increased utilization of M/W/DSBEs located outside City but inside MSA and in utilization of M/W/DSBEs located outside MSA but inside US.

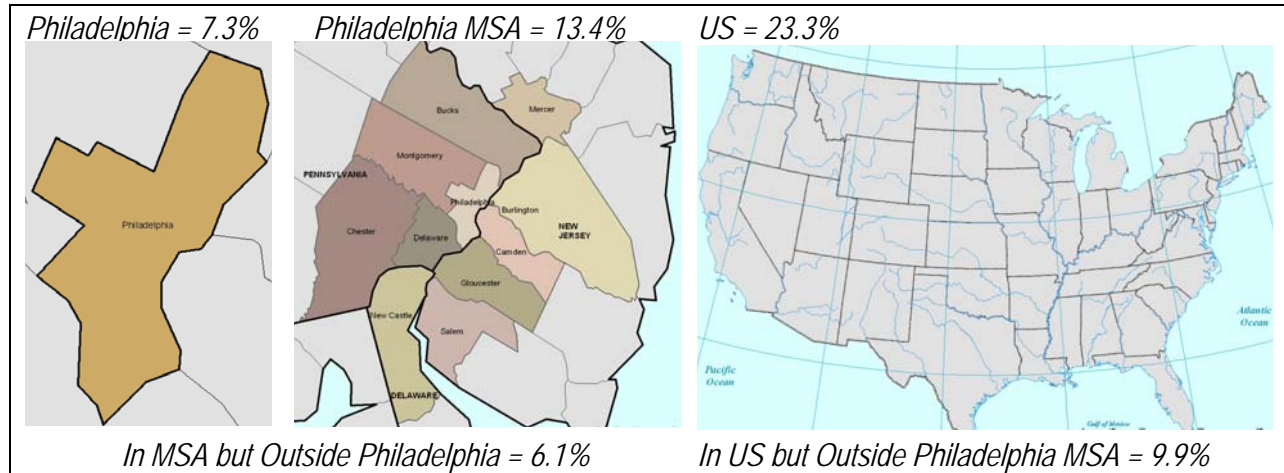
Table 2.3 – FY 2011 Utilization of M/W/DSBEs in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Location of M/W/DSBE¹²

Location of M/W/DSBE	FY 11	FY 11	FY 11	FY 11	FY 10	FY 10	FY 10	FY 10
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
City	2.2%	12.0%	5.1%	7.3%	4.1%	4.3%	16.8%	7.8%
In MSA but Outside City	11.1%	4.0%	0.2%	6.1%	13.3%	3.5%	0.5%	4.6%
MSA	13.3%	16.0%	5.3%	13.4%	17.4%	7.8%	17.4%	12.4%
In US but Outside MSA	6.5%	10.2%	13.5%	9.9%	4.5%	7.4%	13.0%	8.4%
US	19.8%	26.2%	18.9%	23.3%	21.9%	15.2%	30.4%	20.8%
Non-M/W/DSBEs	80.2%	73.8%	81.1%	76.7%	78.1%	84.8%	69.6%	79.2%

Source: FY 2011 OEO Participation Report (2012), Econsult Corporation (2012)

¹² “Location” represents three concentric circles: “City” means the M/W/DSBE is located within the City of Philadelphia, “MSA” means it is located within the Philadelphia MSA, and “US” is the whole nation. About two-thirds of firms in the OEO directory are located within the Commonwealth of Pennsylvania, and about 90 percent are within Pennsylvania, New Jersey, New York, Maryland, or Delaware. See also Appendix F for further information on the distribution of firms in the OEO directory, as of January 2012.

Figure 2.1 – FY 2011 Utilization of M/W/DSBEs in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Location of M/W/DSBE



Source: FY 2011 OEO Participation Report (2012), Econsult Corporation (2012)

3. **Total Dollar Amount and Number of Contracts to M/W/DSBEs is Increasing** – Despite the lower utilization of M/W/DSBEs located in the City, the total amount of contracts awarded to M/W/DSBEs in the City grew from \$46.4 million in FY 2010 to \$57 million in FY 2011. M/W/DSBEs located in the MSA and US also saw increases in total amount of contracts awarded (see Table 2.5). The number of contracts with at least one M/W/DSBE participating (prime contractors and subcontractors) also increased in FY 2011 to 517 contracts, up from 297 contracts in FY 2010. In FY 2011, 40.5 percent of contracts included the participation of at least one M/W/DSBE, which is a significant increase over the 27.6 percent of contracts with at least one M/W/DSBE participating. Although M/W/DSBE prime contractor participation increased, the majority of the increase is attributed to subcontractor participation (see Table 2.6).

Table 2.5 – FY 2011 Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type and Location of M/W/DSBE (in \$M)

Location of M/W/DSBE	FY 11	FY 11	FY 11	FY 11	FY 10	FY 10	FY 10	FY 10
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
City	\$6.1	\$43.8	\$6.3	\$57.0	\$4.8	\$12.6	\$28.7	\$46.4
In MSA but Outside City	\$31.4	\$14.6	\$0.2	\$47.5	\$15.7	\$10.4	\$0.9	\$27.1
MSA	\$37.5	\$58.4	\$6.5	\$104.5	\$20.5	\$23.0	\$29.6	\$73.5
In US but Outside MSA	\$18.5	\$37.3	\$16.6	\$76.8	\$5.3	\$21.9	\$22.2	\$49.6
US	\$56.0	\$95.6	\$23.1	\$181.3	\$25.8	\$44.9	\$51.8	\$123.1
Non-M/W/DSBEs	\$226.6	\$269.5	\$99.4	\$597.3	\$92.2	\$250.6	\$118.8	\$468.8

Source: FY 2011 OEO Participation Report (2012), Econsult Corporation (2012)

Table 2.6 – FY 2011 Distribution of M/W/DSBE Participation in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities)

	FY 11	FY 11	FY 11	FY 11 All	FY 10	FY 10	FY 10	FY 10 All
	PW	PPS	SSE	Contract Types	PW	PPS	SSE	Contract Types
# Contracts	151	773	351	1275	60	701	315	1076
# Contracts With At Least 1 M/W/DSBE Participating	132	340	45	517	51	224	22	297
% Contracts with at Least 1 M/W/DSBE Participating	87.4%	44.0%	12.8%	40.5%	85.0%	32.0%	7.0%	27.6%
# Contracts Awarded to M/W/DSBE Prime Contractors	7	166	18	191	2	123	14	139
% Contracts Awarded to M/W/DSBE Prime Contractors	4.6%	21.5%	5.1%	15.0%	3.3%	17.5%	4.4%	12.9%
# Contracts With At Least 1 M/W/DSBE Sub-Contractor	125	174	27	326	51	119	10	182
% Contracts With At Least 1 M/W/DSBE Sub-Contractor	82.8%	22.5%	7.7%	25.6%	85.0%	17.0%	3.2%	16.9%

Source: FY 2011 OEO Annual Participation Report (2012), Econsult Corporation (2012)

4. M/W/DSBEs Primed More Contracts But Dollar Amounts Still Half of Non-M/W/DSBEs

For a second year, the percentage of contracts primed by M/W/DSBEs increased. M/W/DSBEs primed 15.0 percent of City contracts in FY 2011 (up from 12.9 percent in FY 2010 and 9.9 percent in FY 2009), representing 8.7 percent of City contracts by dollar amount (up from 5.8 percent in FY 2010). Additionally, the average contract size of contracts primed by M/W/DSBEs grew from \$240K to \$350K, but continues to lag behind that of non-M/W/DSBEs (\$240K vs. \$600K in FY 2010, \$350K vs. \$650K in FY 2011), particularly for PW contracts (\$870K vs. \$1.92M in FY 2011) (see Table 2.7).

Table 2.7 – FY 2011 Utilization of M/W/DSBEs as Prime Contractor in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities) (by # and \$ of Contracts)

	FY 11	FY 11	FY 11	FY 11	FY 10	FY 10	FY 10	FY 10
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
<i>% Primed by M/W/DSBE</i>								
By #	4.6%	21.5%	5.1%	15.0%	3.3%	17.5%	4.4%	12.9%
By \$	2.2%	15.0%	5.0%	8.7%	0.4%	6.1%	8.9%	5.8%
<i>Average Contract Size (\$M)</i>								
M/W/DSBE Primes	\$0.87	\$0.33	\$0.34	\$0.35	\$0.20	\$0.15	\$1.10	\$0.24
Non-M/W/DSBE Primes	\$1.92	\$0.51	\$0.35	\$0.65	\$2.03	\$0.48	\$0.52	\$0.60

Source: FY 2011 OEO Participation Report (2012), Econsult Corporation (2012)

5. **M/W/DSBE Availability Continues to Decrease – M/W/DSBEs represent 19.1 percent of firms with employees within the Philadelphia MSA, down from 22.5 percent in FY 2010, which was a decrease from 24.6 percent in FY 2009** (see Table 2.8). The FY 2011 calculations utilize recently released 2007 US Census Bureau Survey of Business Owners data, and also employ a weighted average approach that considers FY 2011 spending proportions by industry when estimating M/W/DSBE availability. The change from FY 2010 to FY 2011 reflects not a change in availability at the individual product or service level, but rather a change in the composition of products and services procured by the City.

Table 2.8 – FY 2011 Availability of Minority-and Women-Owned Firms among Firms with Employees within the Philadelphia MSA (Weighted Average Approach)

M/W/DSBE Category	FY 11 PW	FY 11 PPS	FY 11 SSE	FY 11 All Contract Types	FY10 PW	FY10 PPS	FY10 SSE	FY 10 All Contract Types	FY 09 All Contract Types
All MBE	2.9%	8.6%	4.5%	5.9%	4.1%	7.3%	8.5%	7.5%	9.0%
All WBE	8.5%	17.7%	11.1%	13.3%	10.8%	16.3%	14.8%	15.0%	15.5%
All M/W/DSBE	11.4%	26.3%	15.6%	19.1%	14.9%	23.6%	23.3%	22.5%	24.6%

Source: US Census Bureau Survey of Business Owners (2007), Econsult Corporation (2010, 2011, 2012)

6. **Overall Disparity is Improving** – The FY 2011 data has shown that despite decreasing availability, the utilization of M/W/DBSEs on City contracts is increasing. As a result the disparity ratio for all M/W/DSBEs improved from .55 in FY 2010 to .70 in FY 2011 (see Table 2.9). African American firms are experiencing the best ratio of utilization compared to availability. In FY 2011, utilization in SSE contracts decreased, therefore the disparity under that category increased.

Table 2.9 – FY 2011 Disparity Ratio (“D6”) = Utilization (“U2”) – Utilization of For-Profit M/W/DSBE Contractors Located in the Philadelphia MSA in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), Divided by Utilization of All For-Profit Contractors (by \$ Contracts Awarded); Availability (“A6”) - # M/W/DSBE Firms in Philadelphia MSA with >1 Employee, Divided by # All Firms in Philadelphia MSA with >1 Employee

Ethnicity	Gender	FY 11 PW	FY 11 PPS	FY 11 SSE	FY 2011 All Contract Types	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 2010 All Contract Types
White	Female	*	*	*	*	*	*	*	*
Native American	Male & Female	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Asian American	Male & Female	0.00	0.43	0.01	0.40	1.87	0.27	0.00	0.28
African American	Male & Female	2.83	6.15	0.12	4.48	4.14	1.58	5.43	3.05
Hispanic	Male & Female	¹³	2.45	0.55	5.07	1.92	0.22	0.38	0.60
All MBE	Male & Female	2.07	1.63	0.13	1.53	2.66	0.77	1.51	1.16
All Disabled	Male & Female	0.90	0.28	0.44	0.45	0.75	0.22	0.46	0.36
All M/W/DSBE	Male & Female	1.16	0.61	0.34	0.70	1.17	0.33	0.75	0.55

Source: Econsult Corporation (2012); Utilization = FY 2011 OEO Participation Report (2012); Availability = US Small Business Administration – Philadelphia District Office (2012)

Note: “*” denotes data unavailable or insufficient.

¹³ This figure is greater than 10 due to a very small availability estimate.

3 PARTICIPATION GOALS

In this section, we offer recommended Annual Participation Goals for Fiscal Year (FY) 2012 and beyond to the City of Philadelphia’s Office of Economic Opportunity (OEO) for future Minority Business Enterprise (MBE), Women Business Enterprise (WBE), and Disabled Business Enterprise (DSBE) (collectively known as M/W/DSBE) utilization, based on FY 2011 M/W/DSBE 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 M/W/DSBEs in economic opportunities.

We base our recommended participation goals on a comparison of current utilization rates and availability rates. For some M/W/DSBE 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 M/W/DSBE categories and contract types, current utilization rates are higher than current availability rates (i.e. the disparity ratio is greater than 1.0) (see Table 3.1).

Table 3.1 – FY 2011 Disparity Ratio (“D6”) = Utilization (“U2”) Divided by Availability (“A6”), by Contract Type

Ethnicity	Gender	FY 11 PW	FY 11 PPS	FY 11 SSE	FY 2011 All Contract Types	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 2010 All Contract Types
All MBE	Male & Female	2.07	1.63	0.13	1.53	2.66	0.77	1.51	1.16
All	Female	0.90	0.28	0.44	0.45	0.75	0.22	0.46	0.36
Disabled	Male & Female	*	*	*	*	*	*	*	*
All M/W/DSBE	Male & Female	1.16	0.61	0.34	0.70	1.17	0.33	0.75	0.55

Source: Econsult Corporation (2012); Utilization = FY 2011 OEO Participation Report (2012); Availability = US Small Business –US Census Bureau Survey of Business Owners (2007)

Note: “*” denotes data unavailable or insufficient.

Based on these utilization rates and availability rates for FY 2011, we can set participation goals for future years (see Table 3.2).

Table 3.2 – Recommended Citywide Participation Goals for City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type and by M/W/DSBE Category¹⁴

	PW	PPS	SSE	All Contract Types
White Female	U: 10%	U: 5%	U: 7%	U: 8%
Native American	U: 0.7%	U/A: 0%	U/A: 0%	U: 0.2%
Asian American	U: 1%	U: 5%	A: 2%	U/A: 3%
African American	U: 4%	U: 14%	U: 10%	U: 10%
Hispanic	U: 3%	U: 1%	U: 2%	U: 2%
All MBE	U: 9%	U: 21%	U: 12%	U: 15%
All WBE	U: 12%	A: 18%	A: 11%	A: 13%
City-Based M/W/DSBE	U: 2%	U: 12%	U: 5%	U: 7%
All M/W/DSBE	U: 20%	U: 26%	U: 19%	S: 25%

Source: Econsult Corporation (2012)

In cases where actual utilization is less than actual availability (i.e. the disparity ratio is less than 1.0, which represents under-utilization), we tend to recommend that future utilization rates increase to current availability rates as measured in this analysis.

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), we tend to recommend that future utilization rates hold at current utilization rates.

Thus, the levels suggested as participation goals can be offered as benchmark utilization rates that should be strived for, with a prefix of “U” signifying cases in which M/W/DSBE utilization is currently greater than M/W/DSBE availability, and a prefix of “A” signifying cases in which M/W/DSBE utilization is currently lower than M/W/DSBE availability

¹⁴ Prefix of “U” = 2011 Utilization Rate > 2011 Availability Rate (i.e. disparity ratio > 1.0).

Prefix of “U/A” = 2011 Utilization Rate = 2011 Availability Rate (i.e. disparity ratio = 1.0).

Prefix of “A” = 2011 Availability Rate > 2011 Utilization Rate (i.e. disparity ratio < 1.0).

Prefix of “S” = Goal > 2011 Utilization Rate and 2011 Availability Rate.

In the case of overall M/W/DSBE utilization, we recommend a participation goal that is higher than both FY 2011 utilization and FY 2011 availability. This **“stretch” goal**, signified with a prefix of “S,” represents a desire to reach past the limitations set by both historical utilization and historical availability. “Stretch” goals acknowledge that increasing participation beyond historical utilization and historical availability may be a worthwhile public policy goal.¹⁵

Although the data analysis shows a decline in availability, the FY 2011 results indicate a **continued increase in participation levels** and are the basis for recommended Participation Goals of at least 25 percent for all M/W/DSBEs (see Table 3.3). Bear in mind, also, that FY 2011 availability at the City of Philadelphia level was 29.3 percent (vs. 19.1 percent at Philadelphia MSA level). While we weighed MSA-level data more heavily than City-level data, the higher availability estimate for the City-level data suggests that availability may be higher than the estimated 19.1 percent.

Table 3.3 – Actual and Recommended M/W/DSBE Utilization in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities)

	Actual ¹⁶						Recommended		
	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
All M/W/DSBE	23.6%	22.3%	19.2%	19.0%	20.8%	23.3%	24.0%	25.0%	25.0%
MBE	17.7%	15.7%	14.8%	14.1%	14.9%	15.3%	15.0%	15.0%	15.0%
WBE	9.9%	10.8%	7.6%	8.6%	8.9%	10.8%	11.0%	12.0%	13.0%
PW	19.6%	16.5%	15.1%	12.1%	21.9%	19.8%	20.0%	20.0%	20.0%
PPS	25.8%	27.5%	22.7%	22.9%	15.2%	26.2%	26.0%	26.0%	26.0%
SSE	22.2%	17.1%	18.6%	12.8%	30.4%	18.9%	19.0%	19.0%	19.0%

Source: Econsult Corporation (2012)

¹⁵ Section 6-109 of the Philadelphia Home Rule Charter, which provides guidance on how Annual Participation Goals are to be set, notes that goals must be informed by historical utilization and availability rates, but it does not appear to infer that they must be constrained by them, particularly as it relates to redressing specific patterns of past discrimination. Hence, setting “stretch goals” that are set in part by considering historical utilization and availability rates but that are themselves higher than these historical rates does not appear to be forbidden.

¹⁶ FY 2006 to FY 2009 results are adjusted to include SSE waste management spending that was not previously accounted for in published Annual Disparity Studies because it was from amendments to existing contracts rather than awarded contracts.

4 RECOMMENDATIONS

4.1 OVERVIEW

Based on the findings of the FY 2011 Disparity Study, the Econsult team offers a number of recommendations for improving and strengthening the City's M/W/DSBE participation efforts (see Table 4.1). The recommendations are based on the study findings and consist of action steps for OEO either to continue moving forward with existing efforts or draft policies for inclusion of new opportunities.

The City, through policy changes and implementation of several previous year recommendations, has yielded positive results in several areas noted in the FY 2011 Disparity Study. Success is often not achieved without challenges since it brings additional attention to the program. Some of the recommendations attempt to address foreseeable challenges due directly to the success of utilization in several program areas. These recommendations are based on trends in federal affirmative action programs and shifts by other municipalities to take necessary steps toward a legally defensible program. The recommendations based on legal challenges may not be implemented immediately, however, discussions should commence and action plans established in the event of program challenges.

Table 4.1 – FY 2011 Annual Disparity Study Recommendations

Study Category	Study Findings	Specific Recommendations
Utilization	M/W/DSBE utilization continues to increase	<ul style="list-style-type: none"> • Commercially Acceptable Function – Establish Monitoring and Enforcement Mechanisms • Consider Race Neutral (RN) Tracking and Reporting • Review Over-Utilization and Monitor Increases for Concerns on Legal Challenges
Utilization	Growing use of M/W/DSBEs outside of MSA	<ul style="list-style-type: none"> • Determine Factors for Growing Use of Firms Outside of MSA Compared to Philadelphia-Based Firms
Utilization	Total dollar amount & number of contracts to MBEs increasing	<ul style="list-style-type: none"> • Business Data Collection, Tracking and Reporting • Pre-Award Good Faith Efforts (GFE) Process • Post-Award Commercially Useful Function Evaluation
Utilization	M/W/DSBEs prime more contracts	<ul style="list-style-type: none"> • Review Bonding / Financing / Mentor-Protégé Programs to Increase M/W/DSBE Participation as Prime Contractors
Availability	M/W/DSBE availability continues to decrease	<ul style="list-style-type: none"> • Prompt Progress Payments Procedures • Diversification, Incentives, and Expansions • Establishing an Incentive or Rewards Program for Primes Utilizing “Newly” Registered Firms or Underutilized Firms • Create Incentives for Primes Using Underutilized M/W/DSBE Categories • Explore Setting Ethnic/Gender Specific Goals in Extremely Underutilized Categories/Groups • Create a Bidder Rotation for Miscellaneous Purchase Orders (MPOs) and Small Order Purchases (SOPs) • Encourage OEO Registered Firms to Engage in Business-to-Business Relationships with Other Registered Firms • Consider Excluding Some Categories from Disparity Study Analysis Due to Low Availability
Disparity	Overall disparity is improving	<ul style="list-style-type: none"> • Conduct Multi-Year Study Every Three to Five Years • Strategic Plan Implementation • Conduct a Survey of OEO Registered Firms

Source: Econsult Corporation (2012)

4.2 UTILIZATION CONTINUES TO INCREASE

Commercially Acceptable Function – Establish Monitoring and Enforcement Mechanisms

With the recently acquired software capable of establishing monitoring modules, the City will be better equipped to track payments to subcontractors, streamline the registration process, and report workforce diversity. OEO and the City's Labor Standards Unit will jointly monitor modules available through the software. Cross checking data in the workforce modules with data in payment modules can assist with monitoring commercially acceptable functions. For instance, if the system reports payments to a registered M/W/DSBE for an approved portion of work, the firm should also have labor information that corresponds with the period in which the work was performed. The trade hours reported (as required for applicable contracts) should be directly related to the type of work completed during the progress payment month. The tracking system could alert OEO to red flags for further evaluation and investigation.

Once monitoring mechanisms have been established the next step is to strengthen enforcement to ensure firms are performing a commercially acceptable function. In the FY 2010 report, several recommendations were presented as effective enforcement tools, and have been adopted by OEO, including:

- Having prime contractors sign and submit an anticipated M/W/DSBE participation form statement outlining the scope of the M/W/DSBE scope of work and contract amount. The scope of work should be verified against the type of work the M/W/DSBE is certified to perform.
- Upon award of the prime contract, convert the participation statement into a contractual commitment that can carry consequences if M/W/DSBE contractual obligation is not met.
- Placing enforcement actions in prime contracts and detail legal remedies in both prime and subcontracts in the event of a breach of contract for failure to adhere to the M/W/DBSE contractual commitment.

An additional means of enforcement is the active participation of elected and/or appointed officials in support of contractor diversity to provide oversight, visible support and the impetus to make changes to support M/W/DSBE businesses. In early 2012, Philadelphia City Council unanimously supported the creation of a five person Economic Opportunity Review Committee (EORC) that will review contracts let by all City departments to ensure that contractors are complying with participation goals. The Committee, an agency of City Council, has the authority to recommend penalties, including debarment, if City Council believes the Administration is not sufficiently enforcing contract goals. The EORC provides an additional enforcement mechanism

for the City to ensure the implementation and effectiveness of Economic Opportunities Plans required by the City.¹⁷

However, the support of elected officials without the active participation of the other members of municipal staff will result in a program that fails to reach its goals. . For that reason the City, through OEO, has already implemented additional goal-setting training of department staff and departments have designated OEO Officers, who were appointed by the Mayor in 2010. Additionally, OEO meets regularly with procurement officers and encourages M/W/DSBEs to connect and utilize them as a resource¹⁸

Consider Race Neutral (RN) Tracking and Reporting

OEO is interested in efforts made by prime contractors who subcontract work to M/W/DSBEs in categories with low availability in the OEO directory. Implementing race neutral procedures to track and report M/W/DSBE participation beyond the contract goal or with no goals will enable OEO to readily identify these efforts. Once these primes have been identified, OEO can focus specifically on the efforts made by these primes who went above the goal or found M/W/DSBEs in low availability categories. Race neutral components have been mandated by federal regulations for a number of years based on legal challenges to ensure the race-based affirmative action programs are narrowly tailored and have strict scrutiny in their implementation. Having measurable data will allow OEO to not only identify primes' efforts, but also measure the corrective efforts of OEO to address discrimination in City/public contracting.

OEO has designated staff assigned to each department to assess M/W/DSBE availability for contracting and procurement activities, and works with departments to set M/W/DSBE participation goals. . In historically high participation or M/W/DSBE prime categories, OEO staff may consider not placing a contract goal in these instances to capture participation as race

¹⁷ The EORC was created by City of Philadelphia Bill No. 120013 with an effective date of March 1, 2012.

¹⁸ A best practice in this area includes Contra County (CA) which uses this system and has benefited by having those liaisons contact diverse vendors for participation in the county's program. These liaisons also prepare the supplier diversity spend report for each Department, which provides opportunity for additional support and indirectly, oversight of the Department's commitment. DeKalb County (GA) uses purchasing staff to perform outreach to other County departments to inform them of its Local Small Business Enterprise (LSBE) Program and encourage staff to use diverse suppliers for procurement opportunities. Polk County (FL) has adopted a similar program, directing their agencies to increase the utilization of diverse vendors.

neutral. Establishing measures and regular reporting to ensure appropriate implementation of a contractor diversity program are an essential best practice in this area.¹⁹

Review Over-Utilization and Monitor Increases for Concerns on Legal Challenges

Over-utilization does not mean that discrimination does not exist but rather is a result of implementation of corrective programs and efforts. However, OEO should not completely overlook industries where certain group members have high utilization. We recommended that utilization hold at current rates (i.e. the disparity ratio is greater than 1.0 which represents over-utilization). Table 11 reports over-utilization for all MBEs in PW and PPS categories in FY 2011. However, the disparity ratio is below 1.0 when all M/W/DSBEs are included. It is recommended that the City review specific M/W/DSBEs areas of work in PW (i.e. construction, trucking, hauling, etc.) and PPS categories (i.e. consulting, project management, etc.) to see if there are types of work that have M/W/DSBE over-utilization.

Federal programs have faced challenges over the years due to overconcentration in certain types of work, whereby non-minorities can show they are unable to compete in these types of work. OEO should monitor the areas of over utilization and draft procedures to address certain areas of over utilization and remedies to determine the level playing field. The federal DBE program offers the following examples when over-utilization (over concentration) is discovered.

If you determine that DBE firms are so over-concentrated in a certain type of work as to unduly burden the opportunity of non-DBE firms to participate in this type of work, you must devise appropriate measures to address this over-concentration.

These measures may include the use of incentives, technical assistance, business development programs, mentor-protégé programs, and other appropriate measures designed to assist DBEs in performing work outside of the specific field in which you have determined that non-DBEs are unduly burdened. You may also consider varying your use of contract goals, to ensure that non-DBEs are not unfairly prevented from competing for subcontracts.

With these potential legal challenges in mind, maintaining access to databases containing listings of diverse contractors is essential to a successful contractor diversity program. OEO

¹⁹ Contra Costa County (CA) Commissioners require regular reports from their agency and department heads on supplier diversity spend efforts. The Fairfax County (VA) Board of Supervisors appoints a Small Business Commission to provide oversight of county purchasing activities to ensure the active participation of small businesses and M/WBEs.

recently implemented a new tracking system that will streamline registration and compliance data, including payments to subcontractors and workforce diversity reporting, which should aid in monitoring both underutilization and potential overutilization. As a best practice, this technology can also be used to benefit companies seeking teaming opportunities for subcontracting.²⁰

4.3 GROWING USE OF M/W/DSBES OUTSIDE MSA

Determine Factors for Growing Use of Firms Outside of MSA Compared to Philadelphia-Based Firms

The percentage of total contract dollars going to M/W/DSBEs located outside the MSA increased by over a percentage point in FY 2011 (8.4 percent in FY 2010 to 9.9 percent in FY 2011). However, City-based M/W/DSBEs' utilization decreased in FY 2011 from 7.8 percent in FY 2010 to 7.3 percent in FY 2011. The City-based M/W/DSBE firm's utilization has continued to decrease over time. M/W/DSBE firms located in the City and Philadelphia MSA have seen a gradual decrease in utilization of approximately 4 percent, while M/W/DSBE firms outside the City and MSA realized a 5 percent increase in utilization.

Analyzing the factors of variations between the geographic locations could highlight some service need for the local business community. Companies that can compete on the national level are generally better equipped than firms restricted to their local area. Conducting a needs assessment and providing subsequent services to applicable firms could allow local firms to compete on a national and international level. The success of these firms would reap benefits not only to their bottom line but also help to maintain strong companies in the Philadelphia MSA.

OEO has already taken steps in this direction by providing supportive services to help in the growth and development of M/W/DSBE firms. Additionally, in 2011, the City of Philadelphia launched the Nonprofit Supplier Diversity Forum to assist nonprofit agencies with developing and implementing supplier diversity programs. Billions of dollars in contracts are awarded to nonprofit agencies annually, therefore; it is an important best practice that the City recognizes

²⁰ Westchester County (NY) has an e-procurement system, online directory of local and diverse firms and uses the system to provide e-notification of potential procurement opportunities. The system also provides back-up information to determine which firms have submitted bids for a potential procurement. Baltimore County (MD) sends e-alerts to businesses registered in their systems about potential business opportunities, which can allow contractors to more time to seek teaming opportunities.

the spending power of the nonprofit sector. Starting in FY 2012, the City began adding a supplier diversity program and annual reporting requirements for nonprofits. The supportive services and Nonprofit Supplier Diversity Forum are two programs that can help to improve the competitiveness of local M/W/DSBE firms.

4.4 TOTAL DOLLAR AMOUNT & NUMBER OF CONTRACTS TO M/W/DSBES INCREASING

Business Data Collection, Tracking and Reporting

As efforts are created to make OEO registration more attractive for firms, it is also recommended to establish some procedures on data collection. The directory increased by over 40 percent which surpassed the 25 percent goal called for in the strategic plan. In March 2010, the City of Philadelphia made major changes to the registration process for diverse contractors. By changing policies to require minority, women, and disabled owned businesses participating in the City's program to be certified by another certifying agency, the City expedited the registration timeline. However, it is imperative that the directory reflect a working list of firms that are ready, willing, and able. OEO should continue to update and refresh the OEO directory list and ensure firms continue to be ready willing or able (i.e. 1, 3, 5 year registration renewal or have an electronic feed to certified agency database to make sure the firm is still certified). It is also important to ensure that dissolved, non-responsive firms are purged from the list.

The Inclusion Works Economic Opportunity Strategic Plan discusses improving contract and business data collection. This will provide assistance in goal setting with collection of annual gross receipts of registered M/W/DSBEs. OEO or another department should explore maintaining a bidders list of all firms doing or interested in doing business with the City in order to better track age, gross receipts (or a range), and number of employees. We recommend requesting a gross receipts range for two reasons. First, firms are more inclined to release general financial information in a range rather than specifics. Secondly, grouping gross receipts in four or five categorical ranges would simplify reporting and data analysis. Pertinent data would also be available for measuring capacity in more detailed studies in the future. OEO also highlighted adding a capacity building program for minority contractors. This data should assist OEO in developing this program and monitor trends to determine areas of need.

Pre-Award Good Faith Efforts (GFE) Process

Prior to awarding contracts, the City has already implemented and has been using a Good Faith Efforts (GFE) evaluation process upon receipt of bids or proposals that included contract goals. Having this procedure in place is a best practice that guards against the appearance of a quota system. The GFE process evaluates steps primes conducted during the bidding process to meet or exceed the participation anticipated for completion of the contract. When establishing contract goals for opportunities, prime contractors should be awarded contracts if they met the goal or demonstrated good faith efforts to meet the goal. The procedures outline what steps constitute good faith efforts in the bid documents and allow for avenues of recourse should the prime not agree with lack of good faith efforts findings. When a contractor made good faith efforts to meet a goal, as determined by OEO, the contract should be awarded if all other requirements are met.

Post-Award Commercially Useful Function Evaluation

In addition to the existing pre-award GFE process the City has in place, OEO should develop and implement a separate post-contract award commercially useful function evaluation.²¹ This additional level of review will prevent certified M/W/DSBE firms from acting as a “pass through” or “front” when identified either as a prime bidder or as a subcontractor. In other words, it will inhibit firms from providing fraudulent or incidental participation to meet contracting goals. Additionally, a commercially useful function evaluation will protect legitimate M/W/DSBEs registered with OEO and discourage non-M/W/DSBE prime contractors from falsely boosting participation to possibly gain an unfair advantage in the bidding and contract award process. A commercially useful function evaluation should be conducted after the award of the contract and can be implemented with a site visit and on-site evaluation form that helps OEO verify that firms are performing the commercial function under which they have been certified. Currently, this evaluation is utilized for large capital projects in excess of \$25 million, such as the Youth Study Center project in West Philadelphia and the Venice Island project.

²¹ Examples of using a Commercially Useful Function evaluation include the California Department of General Services and the St. Louis (MO) Metro, which is managed by the Bi-State Development Agency.

4.5 M/W/DSBES PRIMED MORE CONTRACTS

Review Bonding / Financing / Mentor-Protégé Programs to Increase M/W/DSBE Participation as Prime Contractors

The percentage of City contracts primed by M/W/DSBE contractors increased from 12.9 percent in FY 2010 to 15 percent in FY 2011. OEO continues to explore options for increasing the number of M/W/DSBEs competing as primes. The City has formed partnerships with the Philadelphia Industrial Development Corporation to promote the Emerging Loan Program for small businesses. Other developing partnerships include the Greater Philadelphia Minority Business Strategic Alliance (GPMSA) bonding assistance program. These gap financing programs will assist small businesses to compete for prime contracting opportunities with the City and could potentially be expanded through relationships with local commercial lending institutions that may be willing to provide a similar product or loan pool.²² Additionally, some funds could be set aside for encouraging growth in industries with higher barriers to entry for M/W/DSBEs.

An additional resource the City can leverage is the Community Development Financial Institutions (CDFI) Fund managed by the United States Department of the Treasury. In FY 2011, five Community Development Entities (CDE) certified Philadelphia-based financing organizations and received \$102.9 million of CDFI Funds for financing and lending programs for community development.²³ Some of this funding will be used for technical assistance, commercial loans and investments to small start-up or expanding businesses in low-income areas. The City should work with CDFI and CDE certified institutions in Philadelphia to develop a program to target funds toward assisting small contractors and subcontractors with growing capacity and competitiveness on larger contracts.

In a similar vein, the Federal Reserve Bank has partnered with the Department of the Treasury to implement the Small Business Lending Fund program (SBLF) which was created out of the Small Business Jobs Act of 2010. The SBLF is a dedicated investment fund that provides capital to community banks and community development loan funds (CDLFs) with less than \$10 billion in assets. This source of capital encourages community banks and CDLFs to lend to small businesses. OEO can assist smaller contractors by maintaining a list of contacts and institutions that have available SBLF funds to lend. The SBLF program can be another tool for OEO to leverage to help grow and encourage more M/W/DSBE prime contractors.

²² Both the State of Mississippi and the Georgia Department of Transportation formed partnerships with banks to create a loan pool for M/W/DSBE firms to access low interest loan funds.

²³ The CDFI funds awarded include New Markets Tax Credits (NMTC), Financial Assistance (FA), and Healthy Food Financing Initiative - Financial Assistance (HFFI-FA) and were awarded to FINATA, Impact Loan Fund, Inc., Opportunity Finance Network, PIDC-Regional Development Corporation, and The Reinvestment Fund.

As another route to increase the number of M/W/DSBE prime contractors, OEO encourages joint venture relationships to grow MBEs from the subcontractor role into a prime contractor role. Consortiums and joint ventures would need to be approved by OEO for the clearly defined portion of work for the M/W/DSBE and to ensure the firm is performing a commercially acceptable function.

As an example, the federal government encourages prime contractors to partner with small and/or disadvantaged businesses to improve capability and performance on contracts through a Mentor-Protégé program. The benefits of the program include additional technical assistance for the protégé from the mentor and increased contracting competitiveness for the mentor. The City could explore replicating elements of this program so that certified firms can grow capacity to take on larger contracts or partner in joint ventures with well established prime contractors. This program was also recommended in the *Inclusion Works: Economic Opportunity Strategic Plan*, released in 2010. A Mentor-Protégé program coupled with services already provided by OEO can also help move contractors from being subcontractors to become prime contractors.

4.6 M/W/DSBE AVAILABILITY CONTINUES TO DECREASE

Prompt Progress Payments Procedures

OEO is exploring the creation of a citywide contract compliance tool to track payments from primes to subcontractors. Revisions to payment procedures for subcontractors could yield benefits in registering more businesses in the OEO directory. For large contracts over a specified dollar amount, OEO should consider incorporating a process for primes to “pre-pay subs” net 30 days of invoice or five days from receipt of payment from the City, whichever occurs first.

Prompt payment policies only measure the number of days it takes the prime to pay its subcontractors after receipt of payment from the City. Subcontractors submit invoices to primes for inclusion in payment requisitions to the City for progress payment. The City will review the payment requisition for accuracy and, barring any payment disputes, payment is made to the prime within a certain number of days. The maturation of this process could take upwards of 60 to 90 days for the subcontractor to received payment for work performed. The process is even longer for second or third tier subcontractors, whose participation should also be tracked and reported.

It is not uncommon for primes to pay subcontractors before receiving payment from the owner. Prime contractors “pre-paying” subcontractors through a reimbursement structured plan rather than a “pay when paid” concept will assist the City in dispelling the obstacles of

doing business with the City. This policy should be project specific and race neutral, i.e. available to all subcontractors regardless of social status. Businesses could be more inclined to participate on large scale projects, which could increase the registered businesses in the directory.

Diversification, Incentives, and Expansions

Primes often use the same M/W/DSBE for each awarded project. OEO could monitor use of the registered firms in the directory based on their participation in City awards and contract amounts to determine frequently utilized and less frequently used firms. Diversification of awards among the OEO registered firms should be encouraged. This can be accomplished through:

Establishing an Incentive or Rewards Program for Primes Utilizing “Newly” Registered Firms or Underutilized Firms

As a requirement tool for increasing the OEO directory, primes that create scopes of work for “newly” registered firms or firms with little to no contracting activity can receive incentives or rewards. Since OEO has registered certified firms identified by contractors for contracting opportunities, it could also establish a rating system for primes based on their diversification of OEO registered firms. Prime contractors who spread the wealth to various existing and newly registered firms would get higher ratings than ones who utilized the same OEO registered firms to meet contract goals. This rating system would not have an impact on bid awards or scoring in proposals, but would rather speak to their community commitment for diversification and opportunity for OEO registered firms. A score card can be maintained for each prime contractor on the OEO website outlining the average number of subcontracts, payments and percentages to OEO registered firms.

Create Incentives for Primes Using Underutilized M/W/DSBE Categories

If warranted by disparity study results, groups with lower utilization than availability could be deemed underutilized firms. Primes who use these firms could receive additional points during the proposal review process. The City could also explore shifting construction related work traditionally awarded through a low-bid system into a proposal format so that diversity

elements, and other factors, can be incorporated in the selection process. The Tri-County Metropolitan Transportation District of Oregon (TriMet) established a Request for Proposal (RFP) process for a majority of construction based work that allows for measuring the contractor's history with workforce diversity rather than the Invitation for Bids (IFB) process that is primarily based on price.

Explore Setting Ethnic/Gender Specific Goals in Extremely Underutilized Categories/Groups

The United States Department of Transportation (US DOT) Disadvantaged Business Enterprise (DBE) Program was required to incorporate provisions for grantees to request waivers in order to set group specific goals as a result of *Western States Paving v. Washington State DOT decision*. Grantees in the Ninth Circuit Court of Appeals jurisdiction can now establish Underutilized DBE (UDBE) goals. The California Department of Transportation (CalTrans) sets UDBE goals in its contracts for groups deemed underutilized from the most recent disparity study. If it is determined that specific groups are so underutilized, the City could explore remedies as advised through legal counsel.

Create a Bidder Rotation for Miscellaneous Purchase Orders (MPOs) and Small Order Purchases (SOPs)

Small Order Purchases are purchases greater than \$500 but less than \$30,000. The procurement process is administered by local operating departments. These departments are encouraged to solicit from OEO and Small Business Administration registered firms. Establishing a bidder rotation policy for MPOs and SOPs could prove beneficial for OEO registered firms with the opportunity to quote their services.

Encourage OEO Registered Firms to Engage in Business-to-Business Relationships with Other Registered Firms

Businesses register with OEO in hopes of receiving City related contracting opportunities. However, the firms should not be precluded from doing business with each other. Establishing communication mechanisms for OEO registered firms to distribute active solicitations for subcontracting, partnering, or services would bring added value to these firms' registry. CalTrans has a bidder's portal for DBEs to express interest in subcontracting opportunities for specific solicitations. This enables primes to find interested M/W/DSBEs for City solicitations but also creates an avenue for these businesses to communicate their interests amongst themselves.

Some suggestions for OEO to consider for expansion to a SBE program:

- Create SBE set-asides on portions of work for larger contracts or entire contract on smaller scope projects
- Recognize SBE Certifications from certification agencies
- Create SBE set asides in historically low utilization categories (i.e. SSE) to possibly get more M/W/SDBE participation

Consider Excluding Some Categories from Disparity Study Analysis Due to Low Availability

For some NAICS codes within which the City makes purchases, there are so few M/W/DSBEs available that one can make a strong case to exclude spending in those categories from Disparity Study analysis. In other words, if a municipality spends \$1 billion and has M/W/DSBE utilization of \$200 million, then the utilization rate is 20 percent (\$200 million in M/W/DSBE utilization divided by \$1 billion in municipal spending). However, if, of that \$1 billion in spending, \$400 million is in categories for which there are few or no available M/W/DSBEs, one can argue that that \$400 million should be excluded from the utilization rate calculation, such that the true utilization rate is 33 percent (\$200 million in M/W/DSBE utilization divided by \$1 billion less \$400 million in municipal spending).

In determining which spending categories warrant such treatment, it is useful to consider previous analyses conducted by the Econsult team in the FY 2010 Annual Disparity Study report. There, spending categories in which there were few or no M/W/DSBEs in the OEO directory at the time were further explored, in terms of whether there might be M/W/DSBEs in other nearby municipalities (via their respective directories of M/W/DSBEs) and of how many M/W/DSBEs there might be nationally (via the 2007 SBO). It was suggested that categories in which there were few or no M/W/DSBEs in the OEO directory, in the directories of nearby municipalities, and on a national survey of business owners were candidates for exclusion from utilization rate calculations, since it was not likely that the City would be able to locate an M/W/DSBE to participate in those contracts.²⁴

A couple of caveats must be made concerning this recommendation. First, one can construe the goals that are set by the City as inclusive of these more difficult categories in which to have M/W/DSBE participation. Different spending categories have different degrees of difficulty in locating qualified M/W/DSBEs, and so goals set at individual contract levels may vary

²⁴ See Appendix J for an illustrative list of categories for which there were few or no available M/W/DSBEs.

significantly, from very high percentages down to zero percent. An overall goal for all of the City's spending should reflect this, and one can argue that if it is difficult to achieve M/W/DSBE participation in some categories, that necessitates that the City set higher goals in other categories.

However, if there is a considerable amount of City spending for which there are few M/W/DSBEs available to participate, compensating for that by increasing M/W/DSBE participation in other spending categories may be prohibitively difficult in the short run. Consider the example used above, in which a municipality has \$1 billion in spending, and \$400 million of it is in categories for which there are few M/W/DSBEs available to participate. To attain to a utilization rate of 30 percent for all of its spending (i.e. \$300 million in utilization of M/W/DSBEs), that municipality must attain to a utilization rate of 50 percent on the \$600 million for which there are M/W/DSBEs available to participate.

Presently, City spending on commodities for which there are few or no M/W/DSBEs represents about 10 to 20 percent of total City spending. This lack of ready, willing, and able M/W/DSBEs in those spending categories therefore poses a built-in shortfall of 2.5 percent to 5 percent on an overall citywide goal of 25 percent, which would have to be compensated for via higher participation by M/W/DSBEs as prime contractors and sub-contractors in other spending categories.

Second, there is still room for M/W/DSBE participation even in categories in which there are few or no M/W/DSBEs. Some of this participation can come from structuring contracts so that there are ancillary opportunities beyond the core product or service being requested. Some of this participation can come from building capacity, over the long run, among existing M/W/DSBEs to grow into the ability to compete in these contract categories.

4.7 OVERALL DISPARITY IS IMPROVING

Conduct Multi-Year Study Every Three to Five Years

Consider multi-year studies that analyze four or more years of data and update these studies every three to five years. This recommendation is a carryover from the previous year study. It is included in this year's study to emphasize the advantages of such a study.

The fact that the City of Philadelphia has conducted a disparity study for several years demonstrates a best practice. Municipalities that conduct such studies are demonstrating that their commitment to contractor diversity will be based upon comprehensive data. Moreover,

analyzing data over multiple years will allow for more detailed analysis of disparity ratios, utilization and availability.

Agencies implementing race-based federally funded business opportunity programs generally conduct disparity studies every three years because trending information is a more effective approach when determining shifts in availability and utilization. Some of the benefits of program implementation will not be realized sometime until several years in some cases. Therefore, if studies were conducted every three to five years measurable outcomes would be available to determine if they are working or modification is warranted.

Strategic Plan Implementation

The Mayor has demonstrated commitment to economic inclusion and contractor diversity through the 2010 launch of *Inclusion Works: Economic Opportunity Strategic Plan*. The success of Philadelphia's contractor diversity program depends heavily on mayoral support. All parties involved must have a clearly documented commitment from the Mayor and his/her staff. That includes placing the individual involved with implementing a contractor diversity plan at the senior or executive level in the mayoral cabinet. This commitment will resonate with all entities involved and will assist in the implementation of recommendations derived from the disparity study. Although the Executive Director of OEO is not currently a cabinet level position, through the release and implementation of the *Inclusion Works* strategic plan, the Mayor has shown that contractor diversity and economic inclusion are essential to the current administration. OEO has also implemented two additional best practices which streamline the program and will assist in M/W/DSBE goal attainment.

- **Electronic Posting of Bids:** The City has already implemented the electronic postings of bids for procurement opportunities. Many jurisdictions still do not post bid opportunities electronically. This requires diverse contractors to schedule times at the appropriate purchasing offices to review bid opportunities, pay for copies of the bid packages and allocate time away from work to complete those activities. Electronic posting provides M/W/DSBE's additional time to seek teaming opportunities and critical time to prepare competitive proposals.
- **Electronic Calendar Postings:** The City of Philadelphia's postings of outreach activities and events should be replicated by other communities. Having access to networking opportunities is essential to the success of diverse contractors and the OEO website's postings are beneficial to the M/W/DSBE community.

Conduct a Survey of OEO Registered Firms

To gain further information for the development and implementation of these recommendations, OEO should implement the survey of all companies in the OEO registry that is currently being developed. In addition to including basic company information, the survey should gather information on capacity, commercially useful function, and additional certifications the company may hold. The survey should also glean information on issues surrounding bonding, financing, and prompt payment that may inform the development of new assistance programs. A survey will be undertaken later in 2012, and should become a regular action item for OEO.

Volume 2

OVERVIEW.....	A-3
APPENDIX A: CONTEXT AND METHODOLOGY.....	A-4
A.1 Context.....	A-4
A.2 Methodology.....	A-11
APPENDIX B: ANALYSIS.....	A-22
B.1 UTILIZATION.....	A-22
B.2 AVAILABILITY.....	A-40
B.3 DISPARITY.....	A-44
APPENDIX C: PARTICIPATION GOALS.....	A-49
APPENDIX D: ADDITIONAL DOCUMENTATION OF DATA SETS AND METHODOLOGICAL APPROACH FOR UTILIZATION AND AVAILABILITY ESTIMATES.....	A-58
D.1 UTILIZATION - OEO PARTICIPATION REPORT (USED FOR UTILIZATION “U1,” “U2,” AND “U3”).....	A-58
D.2 AVAILABILITY.....	A-60
APPENDIX E: DISPARITY STUDY DATASET AND RELATED FILES.....	A-63
APPENDIX F: DISTRIBUTION OF ALL OEO REGISTERED FIRMS.....	A-64
APPENDIX G: UTILIZATION CHARTS.....	A-70
APPENDIX H: AVAILABILITY CHARTS.....	A-84
APPENDIX I: DISPARITY CHARTS.....	A-98
Appendix J: ILLUSTRATIVE LIST OF CONTRACT CATEGORIES FOR WHICH THERE ARE FEW OR NO M/W/DSBES AVAILABLE.....	A-112

OVERVIEW

The Appendices A through C in this volume provide the background and analysis behind Volume I of the City of Philadelphia FY 2011 Annual Disparity Study.

Appendix A of this report explains the context in which the report was generated and the methodology used. Appendix A also details the approach used to measure the levels of utilization and availability of the various M/W/DSBE categories under consideration. We will also briefly discuss how our **methodology** both builds on and differs from that used by DJMA in the FY 1998-2003 study, and what changes have been made from the methodology employed in Econsult's previous studies.

Appendix B provides a detailed analysis of the **utilization** and **availability** rates we calculated, as well as the **disparity ratios** for the M/W/DSBE categories under consideration. Our analysis is broken down by M/W/DSBE category, as well as geographic location, in order to give a full picture of M/W/DSBE participation in the City of Philadelphia and in the Philadelphia MSA.

Appendix C provides **participation goals** for future years based on the disparity ratios calculated from the FY 2010 data. We include aggregate participation goals as well as separate participation goals for MBEs, WBEs, and DSBEs, and for PW, PPS, and SSE contracts.

Appendices D through I provide the detailed data tables generated for the report. Appendix D and Appendix E provide additional documentation of data sources, methodological approaches, and resulting data files for the FY 2011 Disparity Study. Appendix F provides a distribution of OEO-registered firms. Appendix G, Appendix H, and Appendix I provide additional detail on estimated results for utilization, availability, and disparity.

Appendix J is a partial list of commodity codes for which there are few or no M/W/DSBEs available to participate.

APPENDIX A: CONTEXT AND METHODOLOGY

A.1 CONTEXT

A.1.1 Legal Basis

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's Home Rule Charter. Per the ordinance, this Annual Disparity Study must distinguish between Personal and Professional Services (PPS) contracts, Public Works (PW) contracts, and Services, Supplies and Equipment (SSE) contracts. In addition, this study is required to analyze M/W/DSBEs owned by persons within the following racial, ethnic, and gender categories:

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

“Disparity” reflects the ratio of M/W/DSBE utilization to M/W/DSBE availability. For the purposes of this report, **“utilization”** for each M/W/DSBE category and contract type is defined as the total dollar value of contracts awarded to for-profit M/W/DSBE prime contractors and sub-contractors registered by the City's Office of Economic Opportunity (OEO, formerly known as the Minority Business Enterprise Council, or MBEC), divided by the dollar value of all City contracts awarded to all for-profit prime contractors and sub-contractors, as recorded in OEO's annual Participation Report. Stated briefly, the utilization rate for a given M/W/DSBE category can be viewed as the percentage of dollars from all City contracts that went to businesses that have been registered as M/W/DSBEs by OEO in that category.

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

The target result, the **“disparity ratio,”** 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.”

A.1.2 Legal Context

In presenting the Annual Disparity Study's findings and recommendations, it is important to understand the legal context of M/W/DSBE disparity, and the extent to which legal doctrine has shaped the development of programs for M/W/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 M/W/DSBEs and the City's minority population "misplaced". Specifically, the Supreme Court noted that the City did not ascertain the number of M/W/DSBEs available in the local construction market, and consequently 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.*²⁵

With this case, the Supreme Court clearly defined the parameters under which race-based programs will stand: they must meet a compelling government interest, be narrowly tailored to remedy the effects of prior discrimination,²⁶ and define an availability rate that utilizes the notion of "**ready, willing and able**" (RWA) firms. Disparity Studies have subsequently become a recognized tool for localities in determining whether and where disparities exist, so as to respond and implement accordingly from a roster of race- and gender-specific as well as race- and gender-neutral programming.

²⁵ *Richmond v. J.A. Croson Company* (1989).

²⁶ "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, & 3) the program should be limited to the boundaries of the governmental entity that instituted it.

A.1.3 Procurement Context

In furtherance of the City's policy to foster an environment of inclusion, MBEC was established in 1982 to ensure that minority, women and disabled enterprises are afforded equal access and opportunity to compete for and secure contracts within the City. OEO was created in 2008 by Mayor Michael Nutter through Executive Order 14-08 to replace MBEC and to play a broader role on behalf of M/W/DSBEs. Importantly, whereas MBEC fell within the Finance Department and the Finance Director's supervision, OEO was conceived to have dual reporting status, to the Department of Commerce as well as directly to the Mayor, signifying Mayor Nutter's elevation of OEO in terms of holding his administration accountable for success in this arena. Since 2010, OEO has developed an Inclusion Works Strategic Plan and has further integrated its administrative and advocacy roles with other programmatic efforts within the Commerce Department to assist local businesses and stimulate economic development.

Within the City, **the Procurement Department** is a central purchasing agency. The City's stated objective is to acquire services, equipment, and construction at the lowest possible price within an equitable competitive bidding framework. The City generally subdivides contracts into three types: **Public Works (PW), Services, Supplies, and Equipment (SSE), and Personal and Professional Services (PPS)**, with PW and SSE contracts falling under Procurement and PPS contracts controlled at the individual department level. These three subdivisions are the contract types that are further examined in this Annual Disparity Study.²⁷

²⁷ For race-neutral purposes, PW bids and all competitive bids for SSE in excess of \$30,000 are advertised locally for a specified date, and contracts are awarded to the lowest responsible bidder. 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 \$30,000, departments are urged to solicit from firms registered by OEO and by the US Small Business Administration (SBA).

Within the PW sector, critical components of responsiveness include:

- For all bids exceeding \$30,000, 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 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. Under the OEO anti-discrimination policy, M/W/DSBEs must be paid within a timely fashion, with "timely" being defined as no later than five (5) business days after the prime contractor receives payment. Information technology projects currently being undertaken by OEO and Procurement are improving the accuracy and timeliness of data needed by OEO to monitor this and other related issues.

As for 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 14 days. The system's features are comprehensive and allow vendors to:

A.1.4 Expenditure Context

It is important to define the expenditures analyzed in this Annual Disparity Study with respect to the total distribution of economic opportunity to various M/W/DSBE categories. FY 2011 operating expenditures for the City were \$3.65 billion.²⁸ However, only \$779 million, or about one fifth, were directly analyzed in this Annual Disparity Study. That \$779 million represents sealed bid and non-competitively bid for-profit contracts awarded. The remainder, which is not included in this report, includes items that cannot as easily be discussed in the context of utilization and availability, with 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 a mayor and his or her administration on the issue of the participation of M/W/DSBEs in City contracts. However, they by no means represent all or even most of City spending.²⁹

The allocation of funds received through the American Recovery and Reinvestment Act of 2009 are included in the FY 2011 Annual Disparity Study. The inclusion of some of these funds is justified in this study because although they involve federal funds and contracting decisions are driven in part by federal guidelines (and are subject to the lower federal M/W/DSBE participation goals), some also represent significant City influence in goal-setting. Therefore, a case can be made that the City should be held accountable for M/W/DSBE participation levels resulting from their allocation of those federal funds for which they wield some influence. In FY 2011, federal funds represented 30 PW contracts and \$96.5 million in spending (see Table A.1.4.1).

-
- 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.

²⁸ City of Philadelphia Supplemental Report of Revenues and Obligations for Fiscal Year Ended June 30, 2010, as published by the Office of the Director of Finance on February 18, 2011.

²⁹ Even within the universe of bid and non-competitively bid contracts and requests for proposals, not all dollars are included in the data sets used to produce an Annual Disparity Study, due to limitations in the City's present information systems. For example, in cases in which a contract has been awarded in Year 1, and then it is extended in subsequent years through amendments, any M/W/DSBE participation levels for those subsequent years is not captured, but rather only for the original awarded contract, with a few exceptions.

Table A.1.4.1 – FY 2011 MBE/WBE Utilization for Federal Funds (In \$M)

Contract Type	Number of Contracts	All \$ Contracts	% M/W/DSBE	Included in Core Disparity Study Analysis?
PW	30	\$96.5M	9.6%	Yes
PPS	0	\$0	N/A	N/A
SSE	0	\$0	N/A	N/A
All Contract Types	30	\$96.5M	9.6%	

Source: FY 2011 OEO Participation Report (2012), Econsult Corporation (2012)

Additionally, there are a number of other **public and quasi-public agencies** that intersect with the City and over which the City holds some influence. These represent additional opportunities for M/W/DSBE participation but are not within the scope of this report. Some of these other agencies report their M/W/DSBE utilization directly to OEO and are therefore listed in OEO's Annual Participation Report. Combined, these agencies represent an additional \$210.6 million in contracts in FY 2011 (up from \$183.5 million in FY 2010), for which there was M/W/DSBE participation of 29.7 percent (down from 33.2 percent in FY 2010) (see Table A.1.4.2).

Table A.1.4.2 – FY 2011 MBE/WBE Utilization for Selected Quasi-Governmental Agencies and Functions

Entity	Time Period	FY 2011				FY 2010		
		All \$ Contracts	MBE%	WBE%	DBE%	All \$ Contracts	MBE%	WBE%
PHDC	7/1-6/30	\$20.9M	32.4%	7.0%	N/A	\$24.3M	36.1%	6.7%
PIDC	7/1-6/30	\$3.8M	16.0%	12.1%	0.1%	\$40.2M	20.6%	13.1%
RDA	7/1-6/30	\$185.9M	22.6%	6.0%	N/A	\$116.7M	25.0%	6.0%
Total		\$210.6M		29.7%		\$183.5M		33.2%

Source: OEO Annual Participation Report (FY 2009, FY 2010), Econsult Corporation (2011, 2012)

Certain local public sector units, such as the Southeastern Pennsylvania Transportation Authority or the School District of Philadelphia, have programs outside the scope of this report. For example, other City agencies and public entities, most notably the Department of Health and Opportunity, within which lie the Department of Human Services and the Department of Behavioral Health and Intellectual Disability Services, contract out significant amounts of work to non-profit prime contractors, who then enlist the services of for-profit and non-profit subcontractors. As this study only considers for-profit prime contractors and their subcontractors, procurement opportunities to nonprofit prime contractors and their subcontractors, such as the ones described above, are excluded from direct analysis.³⁰

Thus, one significant shortcoming of the current and previous studies is that it only analyzes **the subset of all local public expenditures directly under mayoral control**.³¹ M/W/DSBEs and their advocates understandably consider all public sector expenditures equally when it comes to business opportunities. Most do not make the narrow legal and administrative 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 M/W/DSBE participation. Said another way, the direct topic an Annual Disparity Study covers is the performance of the Mayor and the procurement decisions made by his or her departments.

Heretofore, we have discussed only local public sector contract opportunities, of which there are many available to local M/W/DSBEs over and above that which is being discussed in this report. Of course, there are a significant number of **state and federal** contract opportunities that are available locally and the total universe of public sector contract opportunities (federal, state, and local) is dwarfed by opportunities that are available in the broader **private sector**: the US Department of Commerce estimates that private industry contributed over 90 percent of the Philadelphia MSA's Gross Domestic Product of \$311 billion.³²

Therefore, in summary, although this report is necessarily focused on mayoral departments, it is worth noting that there are other public and private sector dollars being spent that are available for M/W/DSBE participation, and other, albeit less forceful, levers the City has at its disposal to encourage M/W/DSBE participation outside of its own contracts. When considering

³⁰ OEO is currently working on ways to measure and account for spending associated with contracts to non-profit prime contractors.

³¹ These limitations also make disparity comparisons across cities difficult, since mayoral control over various local government functions is not uniform across cities.

³² As of 2006, private industries contributed \$285 billion, while federal, state, and local governments contributed \$27 billion. "Gross Domestic Product by Metropolitan Area," US Department of Commerce – Bureau of Economic Analysis (September 2009). Federally originated spending will likely play a particularly outsized role in upcoming years, due to spending related to the American Recovery and Reinvestment Act of 2009.

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 and private expenditures that is not included in this analysis.³³

A.1.5 Summary of Previous Studies

DJ Miller & Associates (DJMA) conducted a Disparity Study for the City in which it analyzed data from 1998 to 2003,³⁴ while Econsult has conducted the last six Annual Disparity Studies, looking annually at FY 2006 to FY 2011 data. It is important to note four important differences between the DJMA report and the Econsult report:

- The Econsult reports only consider utilization in terms of awarded contracts, while the DJMA report calculated utilization in terms of awarded contracts, purchase orders, and actual payments.³⁵
- In calculating availability using US Census datasets, DJMA used 1997 data while Econsult had access to 2007 data.
- Where available, Econsult presented data to a finer level of detail, in terms of specific M/W/DSBE categories, the geographic distribution of M/W/DSBE utilization and availability, and department by department performance.
- The DJMA study was used to satisfy the standards established in the *Croson* case, whereas Econsult reports were more designed to address issues of performance.

Despite these differences, it is instructive to compare results from these two sets of reports. Doing so provides some sense of M/W/DSBE utilization during the time periods of the two reports. We note, for example, the significant increase in M/W/DSBE utilization between the 1998-2003 time period and FY 2006 to FY 2011 (see Table A.1.5.1).

³³ The 2009 OEO Inclusion Works Strategic Plan noted the importance of non-City procurement opportunities in its efforts to assist M/W/DSBEs, and among other actions OEO completed a “state of inclusive procurement” document that will highlight procurement activities by other large public and private sector procurers within the Philadelphia MSA.

³⁴ “City of Philadelphia Disparity Study Update Final Report,” DJ Miller & Associates (January 27, 2004).

³⁵ Pending data and budget availability, it may make sense for this more expansive exploration of utilization to take place every five or so years. Thus, the City may want to consider such a scope in the future.

Table A.1.5.1 – FY 1998-2003 vs. FY 2006-2011 Utilization of M/W/DSBEs Located within the Philadelphia Metropolitan Statistical Area (MSA)

	DJ Miller FY 1998- 2003 Purchase Orders	DJ Miller FY 1998- 2003 Awarded Contracts	DJ Miller FY 1998- 2003 Actual Payments	Econsult FY 2006 Awarded Contracts	Econsult FY 2007 Awarded Contracts	Econsult FY 2008 Awarded Contracts	Econsult FY 2009 Awarded Contracts	Econsult FY 2010 Awarded Contracts	Econsult FY 2011 Awarded Contracts
MBE	2.3%	5.7%	1.4%	14.6%	13.0%	12.7%	11.6%	7.2%	9.0%
WBE	2.2%	2.3%	0.8%	7.1%	8.0%	4.8%	5.7%	5.1%	6.0%
DSBE	N/A	N/A	N/A	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
All M/W/DSBEs Located within the Philadelphia MSA	4.5%	8.0%	2.2%	17.6%	17.6%	14.8%	14.2%	10.9%	13.4%
M/W/DSBEs Located Outside the Philadelphia MSA, Plus All Non- M/W/DSBEs	95.5%	92.0%	97.8%	82.4%	82.4%	85.2%	85.8%	89.1%	86.6%

Source: DJ Miller & Associates (2004), Econsult Corporation (2007, 2008, 2009, 2010, 2011, 2012)

A.2 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 for the City of Philadelphia.³⁶ We also examined methodologies developed by other consulting firms for other Annual Disparity Studies. Finally, we revisited the methodology employed in our Fiscal Year (FY) 2006, FY 2007, FY 2008, FY 2009 and FY 2010 studies, to determine where amendments could be made for this year's Disparity Study.

This section describes the methods we used to determine and compare the level of actual and expected utilization of the required Minority Business Enterprise (MBE), Women Business Enterprise (WBE), and Disabled Business Enterprise (DSBE) (collectively known as M/W/DSBE) categories for the stated contract types.³⁷ Specifically, we were interested in calculating the disparity ratio for the following M/W/DSBE categories and City contract types, per the City

³⁶ Because DJMA discussed various interpretations of the requirements of the US Supreme Court's *Croson* 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 A.1.2

³⁷ See Appendix D for more information on our specific methodology in obtaining, filtering, and organizing data from these sources, and Appendix E for a list of files used for the production of the FY 2011 Disparity Study results.

ordinance, the Mayor’s Executive Order, and the annual Participation Report of the City of Philadelphia’s Office of Economic Opportunity (OEO) (see Table A.2.1.1):

Table A.2.1.1 – M/W/DSBE Categories and City Contract Types of Interest

M/W/DSBE Categories		City Contract Types
<ul style="list-style-type: none"> • Native American males • Asian American males • African American males • Hispanic males • Disabled 	<ul style="list-style-type: none"> • Native American females • Asian American females • African American females • Hispanic females • Caucasian females 	<ul style="list-style-type: none"> • Public Works (PW) • Personal and Professional Services >\$30K (PPS) • Services, Supplies, and Equipment >\$30K (SSE)

Source: City of Philadelphia (2012)

A.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 M/W/DSBE prime contractors and sub-contractors registered by OEO, 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) M/W/DSBEs in the City, or alternatively, the Philadelphia Metropolitan Statistical Area (MSA),³⁸ relative to the City or MSA’s total number of all RWA enterprises.

In other words, we compare the actual utilization of M/W/DSBEs, in the form of contract awards, with an expected utilization of M/W/DSBEs, based on the availability of RWA M/W/DSBEs. 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 M/W/DSBE 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

³⁸ 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).

type (Public Works (PW), Personal and Professional Services (PPS), and Services, Supplies, and Equipment (SSE)) (see Table A.2.1.1).

Table A.2.1.1 – Hypothetical Examples of Over- and Under-Utilization

Disparity Ratio	Hypothetical Example	Over or Under
1.5	Utilization of African American owned M/W/DSBEs for PPS contracts was 12%, Availability of African American owned M/W/DSBEs for PPS contracts was 8% (12% ÷ 8% = 1.5)	Over-Utilization
1.0	Utilization of WBEs for PW contracts was 6%, Availability of WBEs for PW contracts was 6% (6% ÷ 6% = 1.0)	Neither Over Nor Under
0.5	Utilization of DSBEs for SSE contracts was 0.5%, Availability of DSBEs for SSE contracts was 1.0% (0.5% ÷ 1.0% = 0.5)	Under-Utilization

Source: Econsult Corporation (2012)

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 M/W/DSBE 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 M/W/DSBE category, divided by the total number of “ready, willing, and able” firms in that given contract type (see Table A.2.1.2).

Table A.2.1.2 – Components of a Disparity Ratio

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

Source: Econsult Corporation (2012)

For the purposes of this report, we are interested exclusively in FY 2011 data. Where data constraints result in missing, insufficient or ambiguous figures, we do not include these figures, but instead show an “*.” Therefore, all figures shown are statistically significant.

A.2.2 Utilization

Utilization refers to **the participation of firms in various M/W/DSBE categories, as a percentage of all contracts awarded.** In determining utilization rates, we used raw data from OEO’s FY 2011 Participation Report. These data, in addition to summarizing participation by various M/W/DSBE categories and in various City contract types, also list all contracts awarded, including cases in which the prime contractor and/or one or more sub-contractors was a OEO-registered M/W/DSBE.³⁹

Given this data set, we were able to verify and reproduce the summary figures in OEO’s Participation Report. Also, given access to OEO’s Vendor List, we were further able to identify the proportion of City contracts awarded to M/W/DSBEs whose main location is within the City, as well as those whose main location is within the Philadelphia MSA.

In approaching the utilization rate in this manner, we acknowledge the following challenges in understanding the true utilization of M/W/DSBEs 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 M/W/DSBE classifications, but who have not (or not yet) been registered by OEO. We cannot precisely estimate what that amount is because the reason for OEO registration is to verify the authenticity of a firm’s qualification as an M/W/DSBE. In other words, a “certifiable” firm might prove to not actually qualify as an M/W/DSBE. Nevertheless, we recognize that there may be some amount of City contracts that are awarded to firms that should be considered M/W/DSBEs (i.e. they are owned by minorities, women, and/or disabled persons), but for whatever reason have not (or not yet) registered with OEO. Not including the participation of these certifiable firms would mean that our calculated utilization rates would be artificially low.⁴⁰

³⁹ Importantly, the OEO-registered list we use in determining which contract dollars were awarded to OEO-registered firms is from January 2012. Technically, that list represents a specific point in time, while in reality the OEO-registered list is ever-changing, as M/W/DSBEs are added (i.e. become registered) or removed (e.g. went out of business). What truly matters in terms of M/W/DSBE participation is whether a prime contractor or sub-contractor was OEO-registered 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 subsequent to the end of the fiscal year which the study is covering, is a close enough approximation.

⁴⁰ To get a sense of the scale of this discrepancy, in the next chapter we note that a subset of City departments self-report their utilization of “certifiables,” or minority-, women-, and/or disabled-owned firms that are not or not yet registered with OEO. To the extent that any of these “certifiables” received contracts in FY 2010, a utilization

-
- The universe of contracts we have studied only includes departments that fall within OEO's Annual Participation Report. Therefore, as noted in the previous section, 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 M/W/DSBEs, one would also need to mention state and federal contracts, as well as the purchasing dollars of large non-public entities like universities and private corporations. The scope of our study is necessarily circumscribed to the procurement activity of the departments covered in OEO's Annual Participation Report, and thus only covers a small slice of the overall economic picture in terms of procurement opportunities for M/W/DSBEs.
 - We are exclusively focused on 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 M/W/DSBE participation in the economic opportunities generated by City procurement activity. In other words, focusing on awarded contracts rather than dollars actually disbursed means that one has an accurate sense of the City's performance in distributing contracts but that one may not necessarily have an accurate sense of the extent to which M/W/DSBEs are or are not financially benefitting from their participation in City contracts.
 - Publicly traded companies cannot be classified as M/W/DSBEs, nor can previously designated M/W/DSBEs that have since been purchased in whole by non-M/W/DSBEs. Thus, it is possible that the City is doing business with firms that are largely if not completely controlled by minorities, women, or disabled persons, but that do not show up as M/W/DSBEs, although this is a relatively rare occurrence.

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

figure that looked solely at OEO-registered M/W/DSBEs 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 M/W/DSBE utilization between those firms that are OEO-registered and those that are not registered but are in fact owned by minorities, women, and/or the disabled. OEO is currently taking a step in this direction, by allowing for self-certification by sole proprietorships.

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.

A.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 M/W/DSBE 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.⁴¹

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 MSA as the geographic boundaries of their availability analysis.

In keeping with the legal precedent for defining availability as set forth by *Croson*, DJMA used a definition for availability that examined a firm’s readiness, willingness, and ability to do business with the City.⁴²

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 were 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’s Procurement Department or with the federal government.

⁴¹ 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 M/W/DSBEs with which the City can do business. If, for example, an M/W/DSBE 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 M/W/DSBE category; but second, that the City should work with other entities to work towards a higher availability of firms owned by members of that M/W/DSBE category.

⁴² In 2012, OEO will conduct a survey of M/W/DSBEs in its directory to explore these aspects of capacity.

3. *Ability* to do business with the City, or capacity, is an important part of determining overall M/W/DSBE 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 Phoenix⁴³ and Mason Tillman in New York City⁴⁴ 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 determining an approach that is sensitive to the constraints involved in considering either broader or narrow definitions of RWA 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 M/W/DSBEs registered with OEO, divided by the number of all firms registered with the City's Procurement Department.

Using a broader definition of RWA, one could use the US Census Survey of Business Owners (SBO),⁴⁵ 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.⁴⁶

However, we now have the opposite problem of the narrower definition of RWA, since there are certainly firms out there that, while they are in full operation and are generating positive

⁴³ Second Generation Disparity Study, MGT of America, Inc (1999).

⁴⁴ City of New York Disparity Study, Mason Tillman and Associates, Ltd. (2005).

⁴⁵ 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).

⁴⁶ At a more detailed industry level, a fair amount of major City spending categories involve NAICS codes for which there are no currently available M/W/DSBEs, and likely no prospects for available M/W/DSBEs in the foreseeable future. Thus, it may be unfair to include that spending in the comparison of utilization versus availability.

revenues, for whatever reason are not in fact ready, willing, and able to do business with the City. For example, the vast majority of firms inventoried in the SBO (both M/W/DSBE and non-M/W/DSBE) 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 (both M/W/DSBE and non-M/W/DSBE) is far 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 M/W/DSBE and non-M/W/DSBE, who for a variety of reasons have not (or not yet) registered with the City. Considering only registered firms would under-count both the M/W/DSBE amount and the non-M/W/DSBE amount, with a possible skewing on the availability rate, depending on whether M/W/DSBEs were more or less likely than non-M/W/DSBEs to choose not to identify themselves as ready, willing, and able by registering with the City and/or obtaining OEO registration.

In order to more fully understand availability, we pursued both a “broad” and “narrow” approach, and calculated availability rates for both approaches. In this way, we could 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 most recent SBO data (2007), whereas our “narrow” approach utilized OEO and Procurement Department data.⁴⁷

Because of the difficulty in determining the actual availability rate of RWA M/W/DSBEs, we considered multiple sets of proxies. First, using a narrower approach, we took the number of M/W/DSBEs that have registered with OEO, divided by the number of all firms that have registered with the City's Procurement Department. Second, using a broader approach, we took the number of M/W/DSBEs, divided by the number of all firms, as reported in the 2002 and 2007 SBO data. These data are only available at the metropolitan level.⁴⁸ Third, we must consider the appropriate geography to use when determining M/W/DSBE utilization versus M/W/DSBE availability. Because we know where OEO-registered firms are located, we can

⁴⁷ 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 well too much attrition in qualified firms to be considered a fair measure of availability. In other words, we found such a methodology to be far too narrow to yield a reasonably accurate availability rate.

⁴⁸ 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.

easily determine M/W/DSBE utilization within the City versus within the Philadelphia MSA versus within the US as a whole. However, most availability data are only available at the metropolitan and not city or county level. Finally, similar to the FY 2010 methodology for calculating “A3,” in which two-digit NAICS codes were determined for each contract type and then information from the SBO was summed to determine availability by contract type, the approach for the FY 2011 Disparity Study weights A1 – A5 data according to the distribution of FY 2011 spending by industry, per the FY 2011 Participation Report.

Furthermore, there is no absolute legal consensus as to **the appropriate geographic market for determining M/W/DSBE 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.⁴⁹ 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, to the extent that those nearby jurisdictions are natural sources for firms in a position to bid on and be awarded contracts within that jurisdiction).⁵⁰

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.

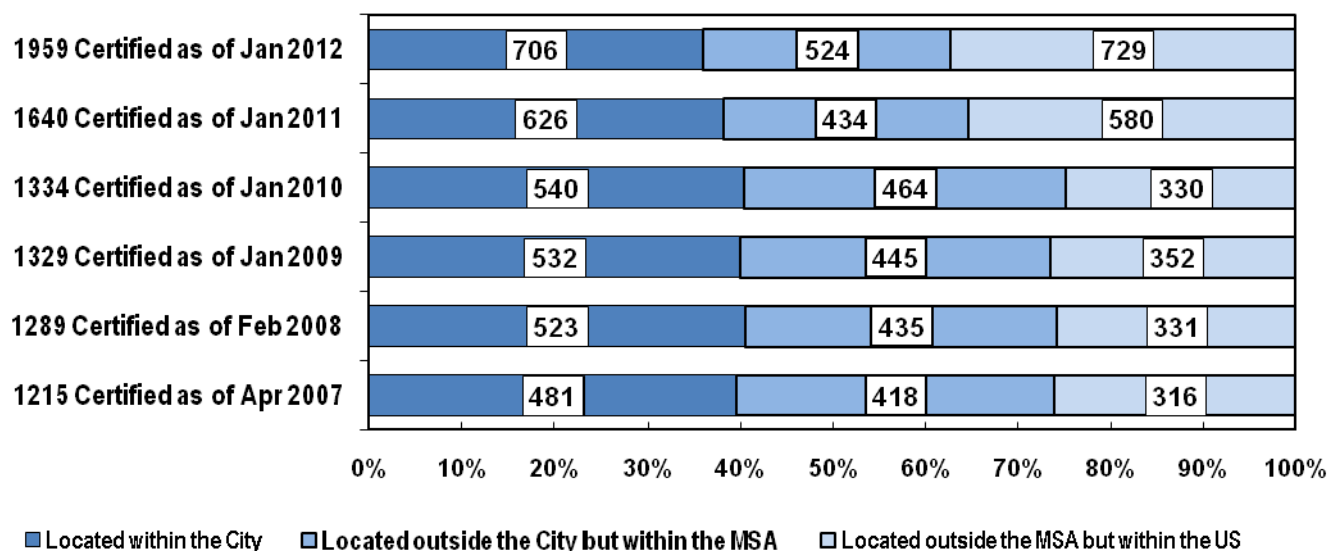
It is instructive to report at this time the geographic distribution of OEO-registered firms. Close to a quarter of firms are located outside the City but within the Philadelphia MSA and a third are located outside the Philadelphia MSA altogether (see Figure A.2.3.1).⁵¹

⁴⁹ See *Coral Construction*, 941 F. 2d at 925: “An MBE program must limit its geographical scope to the boundaries of the enacting jurisdiction.”

⁵⁰ See *Concrete Works*, 823 F.Supp. 821, 835-836 (D. Colo. 1993), in which the Denver MSA was upheld as the appropriate market area.

⁵¹ About two-thirds of firms in the OEO directory are located within the Commonwealth of Pennsylvania, and about 90 percent are within Pennsylvania, New Jersey, New York, Maryland, or Delaware. See also Appendix F for further information on the distribution of firms in the OEO directory, as of January 2012.

Figure A.2.3.1 – Geographic Distribution of OEO-Registered Firms over Time



Source: City of Philadelphia Minority Business Enterprise Council (2007, 2008, 2009), City of Philadelphia Office of Economic Opportunity (2010, 2011, 2012), Econsult Corporation (2007, 2008, 2009, 2010, 2011, 2012)

Thus, it makes sense to consider the Philadelphia MSA the best approximation of the geographic area within which the vast majority of available and awarded firms are located, since OEO’s own directory suggests such a geographic distribution. Using the US as a whole would clearly be far too vast a geographic unit, but using just the City itself might be too narrow a geographic unit.⁵²

These proxies can only approximate the actual availability rate of RWA M/W/DSBEs as a proportion of all RWA firms because of the difficulty in determining readiness, willingness, and

⁵² As a point of reference, DJMA used the Philadelphia PMSA in its analysis of 1998-2003 data. MSAs 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, City-level availability estimates are still useful in understanding the distribution of RWA M/W/DSBE firms. Therefore, City-level availability estimates are made and accounted for in making participation goal recommendations.

ability.⁵³ 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, which justifies not relying on any one approach or data set for determining availability (see Table A.2.3.2).⁵⁴

Table A.2.3.2 – Different Approaches to Determining M/W/DSBE Availability Rate

<u># M/W/DSBEs</u>		<u>Actual # M/W/DSBE RWA Firms</u>		<u># M/W/DSBE Registered Firms</u>
# All Firms	<i>may or may not be equal to</i>	Actual # All RWA Firms	<i>may or may not be equal to</i>	# All Registered Firms
<i>(based on SBA/ Census data)</i>		<i>(i.e. the actual availability rate)</i>		<i>(based on OEO/ Procurement Department)</i>
		<i>Source: Econsult Corporation (2012)</i>		

⁵³ In fact, the first proxy will be different to the extent that the proportion of M/W/DSBEs that are in fact RWA but have not or have not yet registered with OEO is different than the proportion of all firms that are RWA but have not or have not yet registered with the City's Procurement Department; while the second and third proxies will be different to the extent that the proportion of M/W/DSBEs that are not in fact RWA is different than the proportion of all firms that are not RWA.

⁵⁴ Furthermore, in contrast to the thorough datasets provided by OEO 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.

APPENDIX B: ANALYSIS

In this section, we provide a series of charts and accompanying narratives that depict the disparity ratio for all relevant Minority Business Enterprise (MBE), Women Business Enterprise (WBE), and Disabled Business Enterprise (DSBE) (collectively known as M/W/DSBE) 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 of Philadelphia's performance in one or more of five ways:

- Fiscal Year (FY) 2011 results relative to results from Econsult Corporation's FY 2010 report;
- FY 2011 results across all for-profit contract types;
- FY 2011 results across geographic boundaries (i.e. the physical location of M/W/DSBEs);
- FY 2011 results across M/W/DSBE categories: MBEs (and, where data availability allows it, distinct ethnic groupings within), WBEs, and DSBEs;⁵⁵ and
- FY 2011 results by City department.

Where data constraints result in missing, insufficient or ambiguous figures we do not include these figures, but instead show an “*”.

B.1 UTILIZATION

As described in Appendix A, M/W/DSBE utilization is defined as the dollar value of contracts awarded to for-profit M/W/DSBE 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 FY 2011 Annual Participation Report of the City's Office of Economic Opportunity (OEO), which lists contracts awarded and (if any) M/W/DSBE participation in those contracts. We are further interested in the geographic distribution of contracts awarded to

⁵⁵ It is important to note that while many government agencies allow a firm to certify as one and only one M/W/DSBE type (example: MBE or WBE, but not both), and/or will designate contracts that have been awarded to M/W/DSBEs as having gone to only one M/W/DSBE type, we depict and analyze figures that allow for M/W/DSBEs to be classified as more than one M/W/DSBE 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 M/W/DSBE categories, we are careful to ensure that there is no double-counting.

M/W/DSBEs, to the extent that we know, per OEO's registry, whether they are located within the City of Philadelphia, within the Philadelphia Metropolitan Statistical Area (MSA), or within the US. In fact, these three sizes of geography represent the three different ways we can express utilization (see Table B.1.1):⁵⁶

Table B.1.1 – Utilization Methods Employed in This Report
**** Denotes Weighted More Heavily in Determining Participation Goals**

Method	Description	Data Source(s)
"U1"	Utilization of M/W/DSBEs located in the City of Philadelphia ÷ utilization of all firms	
"U2" **	Utilization of M/W/DSBEs located in the Philadelphia MSA ÷ utilization of all firms	OEO Annual Participation Report (FY 2011)
"U3"	Utilization of M/W/DSBEs located in the US ÷ utilization of all firms	

Source: Econsult Corporation (2012)

Before we look at dollar values, let us first consider the distribution of contracts by contract type (see Table B.1.2 and Table B.1.3).⁵⁷ Out of 1,275 total contracts, 517 (40.5 percent) had

⁵⁶ Note that the denominator for all three of these utilization rates is the dollar value of contracts awarded by the City to all for-profit prime contractors and sub-contractors, irrespective of their geographic location. In other words, in determining M/W/DSBE utilization at these three levels of geography, we are interested in the amount of all contract dollars that went to M/W/DSBEs within the City, within the Philadelphia MSA, and within the US.

Conversely, one could calculate utilization rates by comparing contract dollars that went to M/W/DSBEs located within the City with contract dollars that went to all firms located within the City, and contract dollars that went to M/W/DSBEs 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 M/W/DSBEs 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 M/W/DSBEs located within the City, and more important to know what proportion of all City contract dollars went to M/W/DSBEs located within the City, and so on.

⁵⁷ These contract types are:

- Public Works (PW)
- Personal and Professional Services (PPS)

one or more M/W/DSBEs involved: 191 (15 percent) where the M/W/DSBE was a prime contractor, and 326 (25.6 percent) where one or more of the sub-contractors was an M/W/DSBE.⁵⁸ Across contract types, there was wide variation: the proportion of contracts with at least one M/W/DSBE participating ranged from 87.4 percent for PW contracts to 44.0 percent for PPS contracts to 12.8 percent for SSE contracts, while the proportion of contracts with M/W/DSBE prime contractors ranged from 21.5 percent for PPS contracts to 5.1 percent for SSE contracts to 4.6 percent for PW contracts. Compared to FY 2010 the number of contracts, as well as the proportion of all City contracts, increased with regards to M/W/DSBE participation. The number of M/W/DBSE prime contracts awarded increased from 297 (and 27.6 percent of contracts) in FY 2010 to 517 (and 40.5 percent of contracts) in FY 2011.

Table B.1.2 – FY 2011 Distribution of M/W/DSBE Utilization in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type

	FY 11 PW	FY 11 PPS	FY 11 SSE	FY 11 All Contract Types	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types
# Contracts	151	773	351	1,275	60	701	315	1076
# Contracts With At Least 1 M/W/DSBE Participating	132	340	45	517	51	224	22	297
% Contracts with at Least 1 M/W/DSBE Participating	87.4%	44.0%	12.8%	40.5%	85.0%	32.0%	7.0%	27.6%
# Contracts Awarded to M/W/DSBE Prime Contractors	7	166	18	191	2	123	14	139
% Contracts Awarded to M/W/DSBE Prime Contractors	4.6%	21.5%	5.1%	15.0%	3.3%	17.5%	4.4%	12.9%
# Contracts With At Least 1 M/W/DSBE Sub-Contractor	125	174	27	326	51	119	10	182
% Contracts With At Least 1 M/W/DSBE Sub-Contractor	82.8%	22.5%	7.7%	25.6%	85.0%	17.0%	3.2%	16.9%

Source: OEO Annual Participation Report (FY 2010, FY 2011), Econsult Corporation (2012)

- Services, Supplies and Equipment (SSE)

Miscellaneous Purchase Orders (MPOs) and Small Order Purchases (SPOs) were not included in this calculation. See Appendix G for additional detail on FY 2011 distribution of M/W/DSBE utilization.

Table B.1.3 – FY 2011 Distribution of M/W/DSBE Utilization in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type⁵⁹

	PW = 151 total contracts				PPS = 773 total contracts				SSE = 351 total contracts			
	All M/W/DSBE	MBE	WBE	DSBE	All M/W/DSBE	MBE	WBE	DSBE	All M/W/DSBE	MBE	WBE	DSBE
# M/W/DSBEs Participating in At Least One Contract	132	65	75	0	340	195	162	0	45	29	27	0
Highest # of Contracts a Single M/W/DSBE Participated in	26	26	15	0	23	19	23	0	6	6	0	0
# M/W/DSBEs Participating in Exactly 1 Contract	72	40	39	0	259	134	124	0	42	27	26	0
# M/W/DSBEs Participating in 2-5 Contracts	48	19	29	0	69	50	33	0	3	2	1	0
# M/W/DSBEs Participating in 6-10 Contracts	5	3	3	0	7	7	2	0	0	0	0	0
# M/W/DSBEs Participating in 11-20 Contracts	6	2	4	0	4	4	2	0	0	0	0	0
# M/W/DSBEs Participating in 21 or More Contracts	1	1	0	0	1	0	1	0	0	0	0	0

Source: OEO Annual Participation Report (FY 2011), Econsult Corporation (2012)

Contrary to common perception, while there are certainly M/W/DSBEs that have participated in a high number of contracts, **M/W/DSBE participation is fairly widely distributed**: the majority of M/W/DSBEs that participated in at least one contract in FY 2011 participated in less than five contracts. In other words, there was relatively equitable distribution of contracts to

⁵⁹ M/W/DSBE subtotals and totals may be less than the sum of MBE, WBE, and DSBE amounts, because participating firms can be in more than one M/W/DSBE category.

M/W/DSBEs across contract types, in that there was never a case in which the majority of contracts were awarded to just a small subset of M/W/DSBEs.

For example, within the 151 Public Works (PW) contracts in which at least one M/W/DSBE participated as either a prime contractor or sub-contractor, 132 different M/W/DSBEs participated. Of those 132 M/W/DSBEs, 120 of them (90.9 percent) participated in five or fewer PW contracts: 72 (60.0 percent) participated in exactly one PW contract and another 48 (4 percent) participated in two to five PW contracts. Personal and Professional Services (PPS) contracts and Services, Supplies, and Equipment (SSE) contracts were just as widely distributed: 328 out of 340, or 96.5 percent, of M/W/DSBEs that participated in at least one PPS contract participated in five or fewer PPS contracts, while 45 out of 45, or 100 percent, of M/W/DSBEs that participated in at least one SSE contract participated in five or fewer SSE contracts. Seven PW contracts and eighteen SSE contracts were awarded to M/W/DSBE prime contractors. Far more PPS contracts were awarded to M/W/DSBE prime contractors: 166, or 21.5 percent of the City's 773 PPS contracts.

The figures below provide an overview of the City's utilization of M/W/DSBEs in its awarding of contracts. The percentages represent the dollar amount of contracts within each contract type, and then for all contract types in aggregate, that were awarded to different categories of M/W/DSBEs. We provide three sets of utilization results, representing three units of geography or concentric circles: "U1" is utilization of M/W/DSBEs that are located within the City (see Table B.1.4), "U2" is utilization of M/W/DSBEs that are located within the Philadelphia MSA (see Table B.1.5), and "U3" is utilization of M/W/DSBEs that are located within the US (see Table B.1.6). As noted previously, the FY 2011 results include federally funded contracts.

Table B.1.4 – FY 2011 Utilization (“U1”) - Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Located within the City of Philadelphia in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities)

		FY 11	FY 11	FY 11	FY 11	FY 10	FY 10	FY 10	FY 10
		PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
White	Female	1.0%	1.1%	4.7%	1.7%	1.6%	1.0%	4.4%	2.1%
Native American	Male & Female	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asian	Male & Female	0.0%	0.1%	0.0%	0.0%	1.3%	0.2%	0.0%	0.3%
African American	Male & Female	0.5%	9.8%	0.1%	4.8%	0.8%	3.0%	12.1%	5.2%
Hispanic	Male & Female	0.6%	1.0%	0.3%	0.8%	0.4%	0.1%	0.3%	0.2%
All MBE	Male & Female	1.1%	10.9%	0.5%	5.7%	2.5%	3.3%	12.4%	5.7%
All	Female	1.1%	3.9%	4.8%	3.0%	1.7%	2.0%	6.3%	3.2%
Disabled	Female	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
All M/W/DSBE	Male & Female	2.2%	12.0%	5.1%	7.3%	4.1%	4.3%	16.8%	7.8%

Source: OEO Annual Participation Report (FY 2010, FY 2011), Econsult Corporation (2011, 2012)

Table B.1.5 – FY 2011 Utilization (“U2”) - Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Located within the Philadelphia MSA in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities)

		FY 11	FY 11	FY 11	FY 11	FY 10	FY 10	FY 10	FY 10
		PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
White	Female	7.3%	1.9%	4.7%	4.4%	6.5%	2.2%	4.5%	3.7%
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%	1.9%	0.0%	1.0%	2.8%	1.3%	0.0%	1.2%
African American	Male & Female	2.8%	10.8%	0.1%	6.2%	5.8%	3.8%	12.5%	6.7%
Hispanic	Male & Female	2.9%	1.2%	0.3%	1.7%	2.3%	0.2%	0.3%	0.6%
All MBE	Male & Female	6.0%	14.1%	0.6%	9.0%	10.9%	5.6%	12.8%	8.7%
All	Female	7.7%	4.9%	4.9%	6.0%	8.1%	3.6%	6.8%	5.4%
Disabled	Male & Female	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
All M/W/DSBE	Male & Female	13.3%	16.0%	5.3%	13.4%	17.4%	7.8%	17.4%	12.4%

Source: OEO Annual Participation Report (FY 2010, FY 2011), Econsult Corporation (2011, 2012)

Table B.1.6 – FY 2011 Utilization (“U3”) - Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Located within the US in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities)

		FY 11	FY 11	FY 11	FY 11	FY 10	FY 10	FY 10	FY 10
		PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
White	Female	10.5%	5.5%	6.8%	8.0%	7.0%	6.2%	4.6%	5.9%
Native American	Male & Female	0.7%	0.0%	0.0%	0.2%	1.4%	0.0%	0.0%	0.3%
Asian	Male & Female	1.3%	4.7%	0.1%	2.7%	3.1%	1.9%	0.4%	1.7%
African American	Male & Female	4.0%	14.5%	9.9%	10.0%	7.3%	6.2%	25.1%	11.8%
Hispanic	Male & Female	3.3%	1.3%	2.0%	2.2%	2.3%	0.6%	0.3%	0.9%
All MBE	Male & Female	9.3%	20.7%	12.1%	15.3%	14.6%	9.0%	25.8%	14.9%
All	Female	12.1%	10.0%	7.0%	10.8%	10.9%	8.3%	8.6%	8.9%
Disabled	Male & Female	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	0.1%
All M/W/DSBE	Male & Female	19.8%	26.2%	18.9%	23.3%	21.9%	15.2%	30.4%	20.8%

Source: OEO Annual Participation Report (FY 2010, FY 2011), Econsult Corporation (2011, 2012)

Bear in mind that because the numerator in these three tables represents M/W/DSBE utilization at three levels of geography, the difference between 100 percent and the stated utilization rate for “U1” and “U2” is not equal to the utilization of white male-owned firms. For example, utilization of M/W/DSBEs located within the City was 7.3 percent in FY 2011. That does not mean that 92.7 percent of City contract dollars awarded went to white male-owned firms. Rather, 6.1 percent went to M/W/DSBEs located outside the City but within the Philadelphia MSA (since M/W/DSBE utilization at the Philadelphia MSA level was 13.4 percent); and an additional 9.9 percent went to M/W/DSBEs located outside the Philadelphia MSA but within the US (since M/W/DSBE utilization at the US level was 23.3 percent). The remaining 76.6 percent of City contract dollars awarded went to non-M/W/DSBEs (see Table B.1.7 and Table B.1.8).⁶⁰

⁶⁰ See Appendix G for additional detail by M/W/DSBE category. We use the term “non-M/W/DSBEs” instead of “white male owned firms” because the category includes, in addition to white male owned firms, two other business ownership types: 1) publicly traded companies, and 2) companies owned and operated by minorities,

Table B.1.7 – FY 2011 Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type and by Location of M/W/DSBE (by \$ Contracts Awarded)

Location of M/W/DSBE	FY 11	FY 11	FY 11	FY 11	FY 10	FY 10	FY 10	FY 10
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
City	2.2%	12.0%	5.1%	7.3%	4.1%	4.3%	16.8%	7.8%
In MSA but Outside City	11.1%	4.0%	0.2%	6.1%	13.3%	3.5%	0.5%	4.6%
MSA	13.3%	16.0%	5.3%	13.4%	17.4%	7.8%	17.4%	12.4%
In US but Outside MSA	6.5%	10.2%	13.5%	9.9%	4.5%	7.4%	13.0%	8.4%
US	19.8%	26.2%	18.9%	23.3%	21.9%	15.2%	30.4%	20.8%
Non-M/W/DSBEs	80.2%	73.8%	81.1%	76.7%	78.1%	84.8%	69.6%	79.2%

Source: OEO Annual Participation Report (FY 2010, FY 2011), Econsult Corporation (2011, 2012)

Table B.1.8 – FY 2011 Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type and by Location of M/W/DSBE (in \$M)

Location of M/W/DSBE	FY 11	FY 11	FY 11	FY 11	FY 10	FY 10	FY 10	FY 10
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
City	\$6.1	\$43.8	\$6.3	\$57.0	\$4.8	\$12.6	\$28.7	\$46.4
In MSA but Outside City	\$31.4	\$14.6	\$0.2	\$47.5	\$15.7	\$10.4	\$0.9	\$27.1
MSA	\$37.5	\$58.4	\$6.5	\$104.5	\$20.5	\$23.0	\$29.6	\$73.5
In US but Outside MSA	\$18.5	\$37.3	\$16.6	\$76.8	\$5.3	\$21.9	\$22.2	\$49.6
US	\$56.0	\$95.6	\$23.1	\$181.3	\$25.8	\$44.9	\$51.8	\$123.1
Non-M/W/DSBEs	\$226.6	\$269.5	\$99.4	\$597.3	\$92.2	\$250.6	\$118.8	\$468.8

Source: OEO Annual Participation Report (FY 2010, FY 2011), Econsult Corporation (2011, 2012)

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

women, or disabled persons that are not OEO-registered as M/W/DSBEs and are therefore not counted as M/W/DSBEs.

- Comparing FY 2011 utilization results with FY 2010 utilization results:
 - **The proportion of M/W/DSBE participation coming from firms outside the MSA has grown considerably.** It is clear the City is committed to using M/W/DSBEs where possible, even if it means going outside of the MSA to find qualified firms. There is still considerable local benefit, since non-local M/W/DSBEs doing work for the City are likely to hire locally, particularly as it relates to PW work.
 - **Overall M/W/DSBE utilization was up from 20.8 percent in FY 2010 to 23.3 percent in FY 2011 for all M/W/DSBEs irrespective of location.**
 - Overall M/W/DSBE utilization was down from 7.8 percent in FY 2010 to 7.3 percent in FY 2011 for M/W/DSBEs located within the City, but up from 12.4 percent in FY 2010 to 13.4 percent in FY 2011 for M/W/DSBEs located within the Philadelphia MSA, indicating the utilization of M/W/DSBEs located within the Philadelphia MSA but outside the City of Philadelphia increased from 4.6 percent in FY 2010 to 6.1 percent in FY 2011.
 - There was a significant increase in utilization of M/W/DSBEs located within the City for PPS contracts and a decrease in utilization for PW and SSE contract types. Utilization of M/W/DSBEs located within the City on PPS contracts increased from 4.3 percent in FY 2010 to 12.0 percent in FY 2011. PW contracts decreased from 4.1 percent to 2.2 percent from FY 2010 to FY 2011 and SSE utilization decreased from 16.8 percent in FY 2010 to 5.1 percent in FY 2011.
- Comparing results across M/W/DSBE categories:
 - Utilization of African American firms decreased in the City, the MSA and across the US. Utilization of African American firms located within the City decreased from 5.2 percent in FY 2010 to 4.8 percent in FY 2011 and from 6.7 percent in FY 2010 to 6.2 percent in FY 2011 for firms located within the Philadelphia MSA. Additionally, firms located within the US saw decreased utilization from 11.8 percent in FY 2010 to 10.0 percent in FY 2011. Overall, across all locations, utilization of African American firms decreased by 2.7 percent, though they remain the M/W/DSBE category with the highest utilization levels for most contract types.
 - Utilization of Hispanic firms increased in the City, the MSA and across the US. For firms located within in the City, utilization is up from 0.2 percent in FY 2010 to 0.8 percent in FY 2011. Utilization is also up from 0.6 percent in FY 2010 to 1.7 percent in FY 2011 for firms located within the Philadelphia MSA and up from 0.9 percent in FY 2010 to 2.2 percent in FY 2011 for firms located within the US. Thus, the utilization of Hispanic firms across all locations increased by 3.0 percent.

-
- Utilization of Asian American firms decreased in the City of Philadelphia and the Philadelphia MSA but increased across the US. Utilization decreased from 0.3 percent in FY 2010 to 0.0 percent in FY 2011 for firms located within the City of Philadelphia and decreased from 1.2 percent in FY 2010 to 1.0 percent in FY 2011 for firms located within the Philadelphia MSA. However, utilization increased from 1.7 percent in FY 2010 to 2.7 percent in FY 2011 for firms located within the US. Although, the utilization of Asian American firms located within the City and the MSA decreased a total of 0.5 percent, utilization firms located outside the Philadelphia MSA increased by 1.0 percent.
 - Utilization of white female owned firms decreased from 2.1 percent in FY 2010 to 1.7 percent in FY 2011 for firms located within the City of Philadelphia, increased from 3.7 percent in FY 2010 to 4.4 percent in FY 2011 for firms located within the Philadelphia MSA, and increased from 5.9 percent in FY 2010 to 8.0 percent in FY 2011 for firms located within the US. Although, the utilization of white female firms located within the City decreased a total of 0.4 percent, utilization firms located in the Philadelphia MSA and across the US increased by 2.8 percent.
 - The only data available for Native Americans is at the national level, which showed a 0.1 percent decrease in utilization from 0.3 percent in FY 2010 to 0.2 percent in FY 2011 for all contract types.
 - Comparing results across contract types:
 - In FY 2011, PPS was the contract type that enjoyed the highest utilization rates across contract types (from 15.2 percent in FY 2010 to 26.2 percent in FY 2011), as well as for a majority of the geography and M/W/DSBE categories (for example, from 6.2 percent in FY 2010 to 14.5 percent in FY 2011 for African American owned firms).
 - Utilization of M/W/DSBEs for PPS contracts increased from 4.3 percent in FY 2010 to 12.0 percent in FY 2011 for firms located within the City, up from 7.8 percent in FY 2010 to 16.0 percent in FY 2011 for firms located within the Philadelphia MSA, and up from 15.2 percent in FY 2010 to 26.2 percent in FY 2011 for firms located within the US. Thus, the utilization of M/W/DSBEs located within the Philadelphia MSA but outside the City for PPS contracts increased from 3.5 percent in FY 2010 to 4.0 percent in FY 2011, and the utilization of M/W/DSBEs located outside the Philadelphia MSA increased from 7.4 percent in FY 2010 to 10.2 percent in FY 2011.
 - Utilization of M/W/DSBEs for PW contracts was down from 4.1 percent in FY 2010 to 2.2 percent in FY 2011 for firms located within the City, down from 17.4 percent in FY 2010 to 13.3 percent in FY 2011 for firms located within the Philadelphia MSA,

-
- and down from 21.9 percent in FY 2010 to 19.8 percent in FY 2011 for firms located within the US. Thus, the utilization of M/W/DSBEs located within the Philadelphia MSA but outside the City for PW contracts was down from 13.3 percent in FY 2010 to 11.1 percent in FY 2011, and the utilization of M/W/DSBEs located outside the Philadelphia MSA was up from 4.5 percent in FY 2010 to 6.5 percent in FY 2011.
- Utilization of M/W/DSBEs for SSE contracts decreased from 16.8 percent in FY 2010 to 5.1 percent in FY 2011 for firms located within the City, down from 17.4 percent in FY 2010 to 5.3 percent in FY 2011 for firms located within the Philadelphia MSA, and down from 30.4 percent in FY 2010 to 18.9 percent in FY 2011 for firms located within the US. Thus, the utilization of M/W/DSBEs located within the Philadelphia MSA but outside the City for SSE contracts was down from 0.5 percent in FY 2010 to 0.2 percent in FY 2011, and the utilization of M/W/DSBEs located outside the Philadelphia MSA was up from 13.0 percent in FY 2010 to 13.5 percent in FY 2011.

Figure B.1.9 – FY 2011 Utilization of M/W/DSBEs as Prime Contractors in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities)

Contract Type	FY 11 # MWDSBE Prime Contracts	FY 11 \$M MWDSBE Prime Contracts	FY 10 # MWDSBE Prime Contracts	FY 10 \$M MWDSBE Prime Contracts
Public Works	7	\$6.12	2	\$0.42
MWDSBE Utilization as Prime	4.6%	2.2%	3.3%	0.4%
MWDSBE Total Utilization (Prime + Sub)		19.8%		21.9%
Personal and Professional Services	166	\$54.81	14	\$15.3
MWDSBE Utilization as Prime	21.5%	15.0%	4.4%	8.9%
MWDSBE Total Utilization (Prime + Sub)		26.1%		30.4%
Services, Supplies, and Equipment	18	\$6.17	123	\$18.0
MWDSBE Utilization as Prime	5.1%	5.0%	17.5%	6.1%
MWDSBE Total Utilization (Prime + Sub)		18.0%		15.1%
All Contract Types (Not Incl SOP/MPO)	191	\$67.10	139	\$33.7
MWDSBE Utilization as Prime	15.0%	8.7%	12.9%	5.8%
MWDSBE Total Utilization (Prime + Sub)		23.3%		21.6%

Source: OEO Annual Participation Report (FY 2010, FY 2011), Econsult Corporation (2011, 2012)

Overall, **15.0 percent of all City contracts were primed by M/W/DSBEs (up from 12.9 percent in FY 2010), representing 8.7 percent of the aggregate dollar value of all City contracts (up from 5.8 percent in FY 2010).** M/W/DSBEs primed 4.6 percent of PW contracts (representing 2.2 percent of City contract dollar amounts), 21.5 percent of PPS contracts (representing 15.0 percent of City contract dollar amounts), and 5.1 percent of SSE contracts (representing 5.0 percent of City contract dollar amounts). **Average contract size of contracts primed by M/W/DSBEs grew from \$240K to \$350K, but continues to lag behind that of non-M/W/DSBEs (\$240K vs. \$600K in FY 2010, \$350K vs. \$650K in FY 2011), particularly for PW contracts (\$870K vs. \$1.92M in FY 2011)** (see Figures B.1.9 and B.1.10).

Figure B.1.10 – FY 2011 Utilization of M/W/DSBEs as Prime Contractor in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities) (by # and \$ of Contracts)

	FY 11	FY 11	FY 11	FY 11	FY 10	FY 10	FY 10	FY 10
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
All Contracts								
# Contract	151	773	351	1,275	60	701	315	1,076
Amount (\$M)	\$282.6	\$365.1	\$122.5	\$770.2	\$118.0	\$295.5	\$170.6	\$591.9
Avg Contract (\$M)	\$1.87	\$0.47	\$0.35	\$0.60	\$1.97	\$0.42	\$0.54	\$0.55
Primed by M/W/DSBE								
# Contract	7	166	18	191	2	123	14	139
Amount (\$M)	\$6.1	\$54.8	\$6.2	\$67.1	\$0.4	\$18.0	\$15.4	\$33.7
Avg Contract (\$M)	\$0.87	\$0.33	\$0.34	\$0.35	\$0.21	\$0.15	\$1.09	\$0.24
Primed by non-M/W/DSBE								
# Contract	144	607	333	1,084	58	578	301	935
Amount (\$M)	\$276.5	\$310.3	\$116.3	\$703.1	\$117.6	\$277.5	\$155.2	\$558.2
Avg Contract (\$M)	\$1.92	\$0.51	\$0.35	\$0.65	\$2.02	\$0.48	\$0.52	\$0.60
% of # Primed by M/W/DSBE	4.6%	21.5%	5.1%	15.0%	3.3%	17.5%	4.4%	12.9%
% of \$ Primed by M/W/DSBE	2.2%	15.0%	5.0%	8.7%	0.4%	6.1%	8.9%	5.8%
Avg Contract Size, M/W/DSBE (\$M)	\$0.87	\$0.33	\$0.34	\$0.35	\$0.21	\$0.15	\$1.09	\$0.24
Avg Contract Size, non-M/W/DSBE (\$M)	\$1.92	\$0.51	\$0.35	\$0.65	\$2.02	\$0.48	\$0.52	\$0.60

Source: OEO Annual Participation Report (FY 2010, FY 2011), Econsult Corporation (2011, 2012)

Since this report is to be used in part to set annual Participation Goals, it is useful to depict utilization results at the department level (see Table B.1.11).⁶¹ In this way, all departments can be held accountable, strong performers celebrated and struggling performers identified for additional attention. At the same time, it is important to note that different departments may represent different kinds of contracts, and to the extent that M/W/DSBE availability is not

⁶¹ See Appendix G for additional detail on M/W/DSBE utilization by department.

uniform across types of services and industries, it can make it difficult to truly compare performance across categories.

Table B.1.11 – FY 2011 Utilization (“U3”) – Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Located within the US, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by City Department (by \$ Contracts Awarded)

City Department	FY11 Dept Total (in \$M)	FY11 M/W/DSBE Total (in \$M)	FY11 M/W/DSBE %Utilization Actual	FY10 M/W/DSBE %Utilization Actual	+/- Percentage Point Increase
Aviation	\$103.5	\$21.3	20.6%	28.4%	-7.9%
Behavioral Health and Intellectual Disability Services	\$7.0	\$0.4	6.0%	1.4%	4.5%
Board of Ethics	\$0.0	\$0.0	0.0%	0.0%	0.0%
Camp William Penn	\$0.0	\$0.0	0.0%	0.0%	0.0%
Capital Program Office	\$0.0	\$0.0	0.0%	0.0%	0.0%
City Planning Commission	\$0.3	\$0.1	32.5%	47.7%	-15.2%
City Representative	\$1.0	\$0.8	75.1%	0.0%	75.1%
Civil Service Commission	\$0.0	\$0.0	100.0%	0.0%	100.0%
Commerce	\$0.0	\$0.0	23.5%	12.6%	10.9%
Division of Technology	\$19.8	\$5.0	25.1%	25.7%	-0.6%
Fairmount Park Commission	\$0.0	\$0.0	0.0%	0.0%	0.0%
Finance, Director of	\$12.9	\$5.2	40.3%	39.5%	0.8%
Fire	\$4.2	\$0.6	13.3%	0.0%	13.3%
First Judicial District of PA	\$0.0	\$0.0	0.0%	0.0%	0.0%
Fleet Management	\$4.3	\$1.5	35.2%	7.7%	27.4%
Health, Department of Public	\$20.7	\$11.0	53.0%	15.1%	37.9%
Historical Commission	\$0.0	\$0.0	0.0%	0.0%	0.0%
Human Services, Department of	\$66.7	\$2.2	3.3%	3.8%	-0.5%
Labor Relations	\$0.0	\$0.0	0.0%	0.0%	0.0%
Law Department	\$11.1	\$3.8	34.6%	4.0%	30.6%
Library, Free	\$1.1	\$0.2	18.2%	1.1%	17.1%
Licenses and Inspections, Department of (L&I)	\$10.7	\$2.3	21.3%	25.0%	-3.7%
Managing Director's Office	\$2.2	\$0.7	29.6%	3.5%	26.1%
Mayor's Office	\$0.2	\$0.0	13.2%	20.6%	-7.4%
Mayor's Office of Community	\$0.0	\$0.0	0.0%	11.9%	-11.9%

City Department	FY11 Dept Total (in \$M)	FY11 M/W/DSBE Total (in \$M)	FY11 M/W/DSBE %Utilization Actual	FY10 M/W/DSBE %Utilization Actual	+/- Percentage Point Increase
Services					
Mural Arts Program	\$0.0	\$0.0	0.0%	0.0%	0.0%
Office of Emergency Services	\$0.0	\$0.0	0.0%	0.0%	0.0%
Office of Housing & Community Development (OHCD)	\$0.3	\$0.0	28.4%	33.1%	-4.7%
Office of Supportive Housing (OSH)	\$4.3	\$0.9	20.6%	29.4%	-8.8%
Office of the Inspector General	\$0.2	\$0.0	0.0%	0.0%	0.0%
Pensions & Retirement, Board of	\$25.4	\$3.1	12.2%	10.9%	1.3%
Personnel	\$4.6	\$0.0	1.5%	6.5%	-5.0%
Police	\$8.5	\$1.4	16.0%	2.4%	13.6%
Prisons	\$88.8	\$24.0	27.0%	29.7%	-2.7%
Procurement	\$0.0	\$0.0	0.0%	0.0%	0.0%
Property, Department of Public	\$77.5	\$29.5	38.1%	30.1%	7.9%
Records	\$0.6	\$0.3	41.5%	14.9%	26.6%
Parks and Recreation	\$2.8	\$0.7	24.4%	1.5%	22.9%
Revenue	\$4.0	\$0.1	3.7%	19.4%	-15.8%
Revision of Taxes, Board of	\$0.0	\$0.0	0.0%	17.2%	-17.2%
Sinking Fund Commission	\$0.0	\$0.0	0.0%	0.0%	0.0%
Streets	\$123.0	\$27.2	22.1%	47.8%	-25.7%
Treasurer, City	\$0.8	\$0.2	24.3%	15.3%	9.0%
Water Department	\$134.9	\$33.3	24.7%	17.0%	7.7%
Youth Commission	\$0.0	\$0.0	0.0%	0.0%	0.0%
Zoning Code Commission	\$0.2	\$0.1	27.0%	0.0%	27.0%
All Departments	\$741.80	\$175.8	23.7%	23.2%	0.5%
All with Citywide SSE	\$778.60	\$181.3	23.3%	20.8%	2.5%

Source: OEO Annual Participation Report (FY 2010, FY 2011), Econsult Corporation (2011, 2012)

The following departments merit additional discussion:

- The top three of the 45 City departments in terms of FY 2011 – Aviation, Streets, and Water – represent \$361.4 million in contracts, or nearly 50 percent (46.4 percent) of the dollars spent by City departments. In terms of M/W/DSBE utilization, the following 17 departments had utilization rates above that of all City departments (23.3 percent): City Planning (32.5 percent), City Representative (75.1 percent), Civil Service Commission (100 percent), Division of Technology (25.1 percent), Finance (40.3 percent), Licenses

and Inspections (21.3 percent), Fleet Management (35.2 percent), Public Health (53.0 percent), Law Department (34.6 percent), Managing Director's Office (29.6 percent), Office Housing and Community Development (28.4 percent), Public Property (38.1 percent), Records (41.5 percent), Parks and Recreation (24.4 percent), City Treasurer (24.3 percent), Water Department (24.7 percent), and the Zoning Code Commission (27.0 percent).

- Among the City departments with at least \$1 million in contracts, the Health Department (53.0 percent) and Public Property (38.1 percent) had the highest utilization rates. At the other end of the spectrum, Personnel (1.5 percent) and Human Services (3.3 percent) had the lowest utilization rates.
- The City's overall utilization M/W/DSBE rate increased from 20.8 percent in FY 2010 to 23.3 percent in FY 2011, including all SSE contracts. Seven City departments that had at least \$1 million in contracts had double-digit percentage increases in M/W/DSBE utilization rates from FY 2010 to FY 2011 and FY 2011 utilization rates above the utilization for all City departments: Fleet Management (from 7.7 percent to 35.2 percent in FY 2011), Health Department (15.1 percent to 53.0 percent in FY 2011), Law Department (from 4.0 percent to 34.6 percent in FY 2011), Managing Director's Office (from 3.5 percent to 29.6 percent in FY 2011), Public Property (from 30.1 percent to 38.1 percent in FY 2011), Parks and Recreation (from 1.5 percent to 24.4 percent in FY 2011), and the Water Department (from 17.0 percent to 24.7 percent in FY 2011).
- In contrast, seven City departments that had at least \$1 million in contracts had double-digit decreases in M/W/DSBE utilizations and FY 2011 utilization rates below the utilization for all City departments: Aviation (from 28.4 percent to 20.6 percent in FY 2011), Human Services (from 3.8 percent to 3.3 percent in FY 2011), Licenses and Inspections (from 25.0 percent to 21.3 percent in FY 2011), Office of Supportive Housing (from 29.4 percent to 20.6 percent in FY 2011), Personnel (from 6.5 percent to 1.5 percent in FY 2011), the Department of Revenue (from 19.4 percent to 3.7 percent in FY 2011), and the Streets Department (from 47.8 percent in FY 2010 to 22.1 percent in FY 2011). In 2010, six departments were categorized this way.
- Looking across all departments, regardless of total contracts awarded, departments with at least a 100 percent increase in utilization in FY 2010 include Behavioral Health and Intellectual Disability Services, Fleet Management, Public Health, Law Department, the Free Library, Managing Director's Office, Police, Mayor's Office, Records, and Parks and Recreation.
- Finally, we must note that the above utilization tables do not account for contracts awarded to firms owned by minorities, women, or the disabled that are not OEO-registered. In some cases, individual departments keep lists of "certifiable" firms; those

they know to be owned by minorities, women, or the disabled, regardless of whether or not they are OEO-registered.⁶² While these data on “certifiables” are only currently available from a small subset of City departments, and the legitimacy of these “certifiables” has not been verified by OEO, it is a useful topic to include in any discussion on M/W/DSBE 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 registered by OEO is simply a compliance issue, albeit an important one.⁶³

OEO’s new policy, implemented in the midst of FY 2010, to accept certifications from other certifying bodies has increased the number of “certifiable” firms that can now be more easily

⁶²One could also possibly include in this list of “certifiables” any firms that were not OEO-registered during the study period but that have subsequently become OEO-registered, under the assumption that these were minority-owned, woman-owned, and/or disabled-owned all along, and subsequent to the study period were finally OEO-registered. We do not choose to include such firms, because the above explanation for why they were not OEO-registered during the study period but have become OEO-registered 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 registered by OEO. Since there is no way of knowing which is the reason a firm was not OEO-registered during the study period but became OEO-registered afterwards, we choose to not include such firms in this list of “certifiables.”

⁶³ 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 OEO-registered firms in various M/W/DSBE 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 OEO-registered, true M/W/DSBE utilization would actually be higher than reported M/W/DSBE utilization.
- If there are firms that are OEO-registered 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 M/W/DSBE utilization would actually be lower than reported M/W/DSBE utilization.

If the variance associated with the first point is larger than the variance associated with the second point, then the City’s true M/W/DSBE utilization is higher than its reported M/W/DSBE 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 OEO-registered than there are OEO-registered firms that are not minority-owned, woman-owned, or disabled-owned. This is believed to be true because a number of City departments keep track of partial self-generated lists of “certifiable” firms; that is, 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 OEO-registered.

registered by OEO and whose participation in City contracts can then be counted towards the City's utilization rate. Nevertheless, there is likely to continue to be a universe of minority-owned, woman-owned, or disabled-owned firms that are not OEO-registered but participate in City contracts, whose participation will continue to not be counted.

B.2 AVAILABILITY

As described in Section A.2.3, in defining M/W/DSBE availability, one must be mindful to be neither too broad nor too narrow. Accordingly, we have calculated availability ten different ways. A spectrum of results can then inform the appropriate choice of availability approach when calculating disparity ratios (see Table 3.12).

Table B.2.1 – Availability Methods Employed in This Report
**** Denotes Weighted More Heavily in Determining Participation Goals**

Method	Description	Data Source(s)
"A1"	# Minority-, Women-, and Disabled-Owned Firms Located within the City of Philadelphia ÷ # All Firms Located within the City of Philadelphia, by Contract Type	2007 US Census Survey of Business Owners
"A2"	# Minority-, Women-, and Disabled-Owned Firms w/ >1 Employee Located within the City of Philadelphia ÷ # All Firms w/ >1 Employee Located within the City of Philadelphia, by Contract Type	2007 US Census Survey of Business Owners
"A3"	\$ Revenue of Minority-, Women-, and Disabled-Owned Firms Located within the City of Philadelphia ÷ \$ Revenue of All Firms Located within the City of Philadelphia, by Contract Type	2007 US Census Survey of Business Owners
"A4"	\$ Revenue of Minority-, Women-, and Disabled-Owned Firms > 1 Employee Located within the City of Philadelphia ÷ \$ Revenue of All Firms > 1 Employee Located within the City of Philadelphia, by Contract Type	2007 US Census Survey of Business Owners
"A5"	# Minority-, Women-, and Disabled-Owned Firms Located within the Philadelphia MSA ÷ # All Firms Located within the Philadelphia MSA, by Contract Type	2007 US Census Survey of Business Owners

Method	Description	Data Source(s)
"A6" **	# Minority-, Women-, and Disabled-Owned Firms w/ >1 Employee Located within the Philadelphia MSA ÷ # All Firms w/ >1 Employee Located within the Philadelphia MSA, by Contract Type	2007 US Census Survey of Business Owners
"A7"	\$ Revenue of Minority-, Women-, and Disabled-Owned Firms Located within the Philadelphia MSA ÷ \$ Revenue of All Firms Located within the Philadelphia MSA, by Contract Type	2007 US Census Survey of Business Owners
"A8"	\$ Revenue of Minority-, Women-, and Disabled-Owned Firms > 1 Employee Located within the Philadelphia MSA ÷ \$ Revenue of All Firms > 1 Employee Located within the Philadelphia MSA, by Contract Type	2007 US Census Survey of Business Owners
"A9"	# OEO-Registered M/W/DSBEs ÷ # All Firms on City of Philadelphia Procurement Department Vendor List, by Contract Type	Office of Economic Opportunity (2012), Procurement Department (2012)
"A10"	# MBE/WBEs on City of Philadelphia Procurement Department Vendor List ÷ # All Firms on City of Philadelphia Procurement Department Vendor List, by Contract Type	Procurement Department (2012)

Source: Econsult Corporation (2012)

In any given contract category, the number of M/W/DSBEs in the Philadelphia MSA are divided by the number of all firms in the City of Philadelphia and the Philadelphia MSA. For such an approach, we utilized the 2007 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 can contract work, and thus excluding firms - both M/W/DSBE and non-M/W/DSBE - in non-relevant industries. Based on the broad approach and using 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 M/W/DSBEs, and together help better clarify that availability rate.⁶⁴

⁶⁴ For example, using the number of firms might disproportionately weight firms that have no employees and are really not of a scale to be RWA. 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

Because we have considered multiple approaches to determining availability rate, we consider these four approaches A5-A8:⁶⁵

- “A5” - # M/W/DSBEs Divided By # All Firms in Philadelphia MSA, Based on SBA/Census Survey of Business Owners
- “A6” - # M/W/DSBEs > 1 Employee Divided by # All Firms > 1 Employee in Philadelphia MSA, Based on SBA/Census Survey of Business Owners (* this method is weighted more heavily in determining Participation Goals)
- “A7” - \$ Revenue of M/W/DSBEs Divided by \$ Revenue of All Firms in Philadelphia MSA, Based on SBA/Census Survey of Business Owners
- “A8” - \$ Revenue of M/W/DSBEs > 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 registration from OEO. This, of course, would exclude otherwise RWA firms – M/W/DSBE and non-M/W/DSBE – 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:

- “A9” - # OEO-Registered M/W/DSBEs Divided by # All Firms on City of Philadelphia Procurement Department Vendor List
- “A10” - # MBE/WBEs on City of Philadelphia Procurement Department Vendor List Divided by # All Firms on City of Philadelphia Procurement Department Vendor List

Of the availability approaches that use the Philadelphia MSA as the unit of geography, we believe “A6” (# Minority-, Women-, and Disabled-Owned Firms w/ >1 Employee Located within the Philadelphia MSA ÷ # All Firms w/ >1 Employee Located within the Philadelphia MSA, by Contract Type) is the one that most effectively balances “broad” and “narrow” considerations. It accounts for a more inclusive universe of RWA firms – both M/W/DSBE and non-M/W/DSBE – but excludes the vast majority of firms in the MSA that have one or fewer employees, which would otherwise grossly overstate both M/W/DSBE and non-M/W/DSBE counts. It also uses a

M/W/DSBE categories are delineated in this data source, and it may be important to differentiate between availability for various MBE categories, as well as WBEs and DSBEs.

⁶⁵ A1 to A4 are the same approaches, but with data for the City of Philadelphia only.

data set that includes industry-by-industry breakouts, which allows us to select only those firms - M/W/DSBE and non-M/W/DSBE - that represent functions in which the City of Philadelphia can contract work. It is not perfect – “ready,” “willing,” and “able” are too conceptual and subjective to be directly translatable into a data set – but it is the best of the lot, in terms of balancing “broad” and “narrow” objections as well as in terms of capturing the appropriate geography and industry composition.

Similar to the FY 2010 methodology for calculating availability in which two-digit NAICS codes were determined for each contract type and then information from the SBO was summed to determine availability by contract type, the approach for the FY 2011 Disparity Study weights A1-A8 data according to the distribution of FY 2011 spending by industry, per the FY 2011 Participation Report (see Table B.2.2).⁶⁶

Table B.2.2 – FY 2011 Availability (“A6”) Weighted Approach- # Minority-, Women-, and Disabled-Owned Firms > 1 Employee in Philadelphia MSA, Divided by # All Firms > 1 Employee in Philadelphia MSA, by Contract Type and by M/W/DSBE Category

		FY 2011				FY 2010			
		PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
White	Female	*	*	*	*	*	*	*	*
Native American	Male & Female	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.10%	0.0%
Asian	Male & Female	0.4%	4.3%	1.9%	2.5%	1.5%	4.9%	5.3%	4.3%
African American	Male & Female	1.0%	1.8%	1.2%	1.4%	1.4%	2.4%	2.3%	2.2%
Hispanic	Male & Female	0.1%	0.5%	0.5%	0.3%	1.2%	0.9%	0.8%	1.0%
All MBE	Male & Female	2.9%	8.6%	4.5%	5.9%	4.1%	7.3%	8.5%	7.5%
All Disabled	Male & Female	8.5%	17.7%	11.1%	13.3%	10.8%	16.3%	14.8%	15.0%
		*	*	*	*	*	*	*	*
All M/W/DSBE	Male & Female	11.4%	26.3%	15.6%	19.1%	14.9%	23.6%	23.3%	22.5%

Source: 2007 US Census Survey of Business Owners (2012), Econsult Corporation (2011, 2012)

Note: “*” denotes data unavailable or insufficient.

⁶⁶ See Appendix H for additional detail on M/W/DSBE availability.

In terms of the characteristics of the Philadelphia MSA as they pertain to M/W/DSBE availability in FY 2010 (based on 2007 data and FY 2010 spending) and FY 2011 (based on 2007 data and FY 2011 spending), we note the following points:

- MBE availability decreased from 7.5 percent in 2010 to 5.9 percent in 2011. WBE availability decreased from 15.0 percent in 2010 to 13.3 percent in 2011.
- M/W/DSBE availability for PW contracts decreased from 14.9 percent in 2010 to 11.4 percent in 2011. M/W/DSBE availability for PPS contracts increased from 23.6 percent in 2010 to 26.3 percent in 2011. M/W/DSBE availability for SSE contracts decreased from 23.3 percent in 2010 to 15.6 percent in 2011.
- Asian availability saw a decline, from 4.3 percent in 2010 to 2.5 percent in 2011. Asian availability for SSE contracts declined from 5.3 percent in 2010 to 1.9 percent in 2011.

It is important to clarify the cause of these changes in availability. The change from FY 2010 to FY 2011 reflects not a change in availability at the individual product or service level, but rather a change in the composition of products and services procured by the City. The data source from which availability is estimated remains the 2007 SBO, and was used in both the FY 2010 and FY 2011 Disparity Studies. However, those data are weighted differently between FY 2010 and FY 2011, reflecting differences in the composition of the City's spending that was analyzed in each report. Therefore, declines in availability do not suggest that M/W/DSBE availability is lower at the individual product or service level; rather, they suggest that the City's spending shifted slightly into categories in which there is lower M/W/DSBE availability. This makes the City's increase in M/W/DSBE utilization all the more impressive, since it was achieved from a distribution of contracts for which M/W/DSBE availability was slightly lower.⁶⁷

B.3 DISPARITY

M/W/DSBE disparity is defined as the utilization rate divided by the availability rate. A disparity ratio of more than 1.0 means the utilization rate is greater than the availability rate, and a disparity ratio of less than 1.0 means the utilization rate is lower than the availability rate. It is important to note that an under-representation of M/W/DSBEs in the economic opportunities represented by the universe of City contracts can manifest itself in at least two ways:

⁶⁷ See Appendix H for more detail on how categories were weighted, and where there were differences between FY 2010 spending and FY 2011 spending.

1. Under-utilization of M/W/DSBEs in particular contract category, commensurate to M/W/DSBE availability (unusually low utilization rate divided by normal availability rate = disparity ratio of less than 1.0).
2. Relatively low availability of M/W/DSBEs 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 the M/W/DSBE utilization rate exceeds the M/W/DSBE availability rate. Furthermore, even in cases in which availability rates are unusually low, leading to somewhat misleadingly high disparity ratios, this is still a very positive outcome in one sense, as it means that despite the relative lack of RWA M/W/DSBEs, City agencies were able to utilize M/W/DSBEs.

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 follows⁶⁸:

- “D2” = “U1” ÷ “A2” = Utilization of M/W/DSBEs in the City, divided by Availability of M/W/DSBEs with employees in the City (see Table 3.15)
- “D6” = “U2” ÷ “A6” = Utilization of M/W/DSBEs in the Philadelphia MSA, divided by Availability of M/W/DSBEs with employees in the MSA (see Table 3.16)

⁶⁸ “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 I for additional detail on M/W/DSBE disparity.

Table B.3.1 – FY 2011 Disparity Ratio (“D2”) = Utilization (“U1”) Divided by Availability (“A2”), by Contract Type and by M/W/DSBE Category (M/W/DBSE located within the City of Philadelphia)

Ethnicity	Gender	PW	PPS	SSE	All Contract Types (FY 2011)	All Contract Types (FY 2010)
White	Female	*	*	*	*	0.07
Native American	Male & Female	*	0.00	*	0.00	*
Asian American	Male & Female	0.00	0.02	0.00	0.01	0.04
African American	Male & Female	0.05	1.49	0.01	0.63	0.27
Hispanic	Male & Female	*	1.03	0.22	1.16	0.08
All MBE	Male & Female	0.07	0.81	0.03	0.38	0.18
All Disabled	Male & Female	*	*	*	*	*
All M/W/DSBE	Male & Female	0.09	0.37	0.17	0.25	0.13

Source: Econsult Corporation (2011, 2012); Utilization = OEO Annual Participation Report (FY 2010, FY 2011); Availability = US Census Bureau Survey of Business Owners (2007), US Small Business Administration - Philadelphia District Office (2004)

Note: “*” denotes data unavailable or insufficient.

Table B.3.2 – FY 2011 Disparity Ratio (“D6”) = Utilization (“U2”) Divided by Availability (“A6”), by Contract Type and by M/W/DSBE Category (M/W/DBSE located within the Philadelphia MSA)

Ethnicity	Gender	FY 11 PW	FY 11 PPS	FY 11 SSE	FY 2011 All Contract Types	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 2010 All Contract Types
White	Female	*	*	*	*	*	*	*	*
Native American	Male & Female	*	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Asian American	Male & Female	0.00	0.43	0.01	0.40	1.87	0.27	0.00	0.28
African American	Male & Female	2.83	6.15	0.12	4.48	4.14	1.58	5.43	3.05
Hispanic	Male & Female	41.64	2.45	0.55	5.07	1.92	0.22	0.38	0.60
All MBE	Male & Female	2.07	1.63	0.13	1.53	2.66	0.77	1.51	1.16
All Disabled	Female	0.90	0.28	0.44	0.45	0.75	0.22	0.46	0.36
All M/W/DSBE	Male & Female	*	*	*	*	*	*	*	*
		1.16	0.61	0.34	0.70	1.17	0.33	0.75	0.55

Source: Econsult Corporation (2010, 2011); Utilization = OEO Participation Report (FY 2009, FY 2010); Availability = US Census Survey of Business Owners (2007)

Note: “*” denotes data unavailable or insufficient.

The disparity ratios that were calculated based on the utilization and availability data sources that look at utilization and availability within the City (see Table B.3.1) demonstrate under-utilization across the board⁶⁹:

- Asian Americans located within the City represented 4.3 percent of all firms located within the City but received few City contracts (rounded City utilization of 0 percent), for a disparity ratio of 0.01.

⁶⁹ Again, these disparity ratios assume that availability as calculated as the number of all M/W/DSBEs to all firms is a reasonable proxy for the proportion of RWA M/W/DSBEs 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 M/W/DSBE availability.

-
- African Americans located within the City represented 7.7 percent of all firms located within the City but received only 4.8 percent of City contracts, for a disparity ratio of 0.63.
 - Hispanics located within the City represented 0.7 percent of all firms located within the City and received 0.8 percent of City contracts, for a disparity ratio of 1.16.
 - MBEs located within the City represented 15.0 percent of all firms located within the City but received only 5.7 percent of City contracts, for a disparity ratio of 0.38.
 - All M/W/DSBEs located within the City represented 29.3 percent of all firms located within the City but received only 7.3 percent of City contracts, for a disparity ratio of 0.25. This was a significant increase from the FY 2010 disparity ratio for all M/W/DSBEs, yet still suggests these firms are underutilized in City procurement.

The disparity ratios that were calculated based on the utilization and availability data sources that look at utilization and availability within the Philadelphia MSA (see Table B.3.2) demonstrate relative under-utilization, but with pockets of over-utilization:

- Asian Americans located within the Philadelphia MSA represented 2.5 percent of all MSA firms, but were utilized for only 1 percent of City contracts, for a disparity ratio of 0.40.
- African Americans located within the Philadelphia MSA represented 1.0 percent of all MSA firms, and were utilized for 6.2 percent of City contracts, for a disparity ratio of 4.48.
- Hispanics located within the Philadelphia MSA represented 0.3 percent of all MSA firms, and were utilized for 1.7 percent of City contracts, for a disparity ratio of 1.26
- There is overall M/W/DSBE under-utilization, with a disparity ratio of 0.70 for FY 2011; it is below 1.00 for PPS contracts at 0.61 and SSE contracts at 0.34 and above 1.00 for PW contracts at 1.16.
- The overall disparity ratio of all contract types improved by 0.15 from FY 2010 (0.55) to FY 2011 (0.70). Disparity ratios increased significantly for African Americans and Hispanics in PPS contracts (from 1.58 to 6.15 and from .22 to 2.45, respectively).

APPENDIX C: PARTICIPATION GOALS

In this section, we offer recommended Annual Participation Goals for Fiscal Year (FY) 2011 and beyond to the City of Philadelphia’s Office of Economic Opportunity (OEO) for future Minority Business Enterprise (MBE), Women Business Enterprise (WBE), and Disabled Business Enterprise (DSBE) (collectively known as M/W/DSBE) utilization, based on FY 2011 M/W/DSBE 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 M/W/DSBEs in economic opportunities.

We base our recommended participation goals on a comparison of current utilization rates (see Table C.1 (“U1”), Table C.2 (“U2”), and Table C.3 (“U3”)) and availability rates (see Table C.4 (“A2”) and Table C.5 (“A6”)). For some M/W/DSBE 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 M/W/DSBE categories and contract types, current utilization rates are higher than current availability rates (i.e. the disparity ratio is greater than 1.0) (see Table C.6 (“D2”) and Table C.7 (“D6”)).⁷⁰

Table C.1 – FY 2011 Utilization (“U1”) – Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Located within the City of Philadelphia, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type (by \$ Contracts Awarded)

	FY 11 PW	FY 11 PPS	FY 11 SSE	FY 11 All Contract Types	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types
MBE	1.1%	10.9%	0.5%	5.7%	2.5%	3.3%	12.4%	5.7%
WBE	1.1%	3.9%	4.8%	3.0%	1.7%	2.0%	6.3%	3.2%
DSBE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
All M/W/DSBE	2.2%	12.0%	5.1%	7.3%	4.1%	4.3%	16.8%	7.8%

Source: OEO Annual Participation Report (FY 2010, FY 2011), Econsult Corporation (2011, 2012)

Note: Figures in the bottom row are not necessarily the sum of the above rows, because businesses can belong to more than one M/W/DSBE category.

⁷⁰ PW = Public Works contracts. PPS = Personal and Professional Services contracts. SSE = Services, Supplies, and Equipment contracts.

Table C.2 – FY 2011 Utilization (“U2”) – Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Located within the Philadelphia Metropolitan Statistical Area (MSA), Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type (by \$ Contracts Awarded)

	FY 11	FY 11	FY 11	FY 11	FY 10	FY 10	FY 10	FY 10
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
MBE	6.0%	14.1%	0.6%	9.0%	10.9%	5.6%	12.8%	8.7%
WBE	7.7%	4.9%	4.9%	6.0%	8.1%	3.6%	6.8%	5.4%
DSBE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
All M/W/DSBE	13.3%	16.0%	5.3%	13.4%	17.4%	7.8%	17.4%	12.4%

Source: OEO Annual Participation Report (FY 2010, FY 2011), Econsult Corporation (2011, 2012)

Note: Figures in the bottom row are not necessarily the sum of the above rows, because businesses can belong to more than one M/W/DSBE category.

Table C.3 – FY 2011 Utilization (“U3”) – Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Located within the US, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type (by \$ Contracts Awarded)

	FY 11	FY 11	FY 11	FY 11	FY 10	FY 10	FY 10	FY 10
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
MBE	9.3%	20.7%	12.1%	15.3%	14.6%	9.0%	25.8%	14.9%
WBE	12.1%	10.0%	7.0%	10.8%	10.9%	8.3%	8.6%	8.9%
DSBE	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	0.1%
All M/W/DSBE	19.8%	26.2%	18.9%	23.3%	21.9%	15.2%	30.4%	20.8%

Source: OEO Annual Participation Report (FY 2010, FY 2011), Econsult Corporation (2011, 2012)

Note: Figures in the bottom row are not necessarily the sum of the above rows, because businesses can belong to more than one M/W/DSBE category.

Table C.4 – FY 2011 Availability (“A2”) – # M/W/DSBEs Located within the City of Philadelphia, Divided by # Firms Located within the City of Philadelphia, by Contract Type

Category		FY 2011				FY 2010			
		PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
All MBE	Male & Female	17.2%	13.5%	14.4%	15.0%	*	*	*	24.0%
All	Female	7.7%	18.9%	15.8%	14.3%	*	*	*	*
Disabled	Male & Female	*	*	*	*	*	*	*	*
All M/W/DSBE	Male & Female	24.9%	32.4%	30.2%	29.3%	*	*	*	46.2%

Source: US Census Bureau Survey of Business Owners (2007), US Small Business Administration, Econsult Corporation (2010, 2011)

Note: “*” denotes data unavailable or insufficient.

Table C.5 – FY 2011 Availability (“A6”) - # M/W/DSBEs > 1 Employee Located within the Philadelphia MSA, Divided by # All Firms > 1 Employee Located within the Philadelphia MSA, by Contract Type

Category		FY 2011				FY 2010			
		PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
All MBE	Male & Female	2.9%	8.6%	4.5%	5.9%	4.1%	7.3%	8.5%	7.5%
All	Female	8.5%	17.7%	11.1%	13.3%	10.8%	16.3%	14.8%	15.0%
Disabled	Male & Female	*	*	*	*	*	*	*	*
All M/W/DSBE	Male & Female	11.4%	26.3%	15.6%	19.1%	14.9%	23.6%	23.3%	22.5%

Source: 2007 US Census Survey of Business Owners (2012), Econsult Corporation (2012)

Note: “*” denotes data unavailable or insufficient

Table C.6 – FY 2011 Disparity Ratio (“D2”) = Utilization (“U2”) Divided by Availability (“A2”), by Contract Type

Gender		PW	PPS	SSE	FY 2011 All Contract Types	FY 2010 All Contract Types
All MBE	Male & Female	0.07	0.81	0.03	0.38	0.18
All	Female	0.14	0.21	0.31	0.21	*
Disabled	Male & Female	*	*	*	*	*
All M/W/DSBE	Male & Female	0.09	0.37	0.17	0.25	0.13

Source: Econsult Corporation (2012); Utilization = FY 2011 OEO Participation Report (2012); Availability = US Small Business Administration - Philadelphia District Office (2012)

Note: "*" denotes data unavailable or insufficient.

Table C.7 – FY 2011 Disparity Ratio (“D6”) = Utilization (“U2”) Divided by Availability (“A6”), by Contract Type

		FY 11 PW	FY 11 PPS	FY 11 SSE	FY 2011 All Contract Types	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 2010 All Contract Types
All MBE	Male & Female	2.07	1.63	0.13	1.53	2.66	0.77	1.51	1.16
All	Female	0.90	0.28	0.44	0.45	0.75	0.22	0.46	0.36
Disabled	Male & Female	*	*	*	*	*	*	*	*
All M/W/DSBE	Male & Female	1.16	0.61	0.34	0.70	1.17	0.33	0.75	0.55

Source: Econsult Corporation (2012); Utilization = FY 2011 OEO Participation Report (2012); Availability = US Small Business Administration - Philadelphia District Office (2012)

Note: "*" denotes data unavailable or insufficient.

Based on these utilization rates and availability rates for FY 2011, we can set participation goals for future years (see Table C.8).

Table C.8 – Recommended Citywide Participation Goals for City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type and by M/W/DSBE Category⁷¹

Category	PW	PPS	SSE	All Contract Types
White Female	U: 10%	U: 5%	U: 7%	U: 8%
Native American	U: 0.7%	U/A: 0%	U/A: 0%	U: 0.2%
Asian American	U: 1%	U: 5%	A: 2%	U/A: 3%
African American	U: 4%	U: 14%	U: 10%	U: 10%
Hispanic	U: 3%	U: 1%	U: 2%	U: 2%
All MBE	U: 9%	U: 21%	U: 12%	U: 15%
All WBE	U: 12%	A: 18%	A: 11%	A: 13%
DSBE	*	*	*	*
City-Based M/W/DSBE	U: 2%	U: 12%	U: 5%	U: 7%
All M/W/DSBE	U: 20%	U: 26%	U: 19%	S*: 25%

Source: Econsult Corporation (2012)

** Stretch Goal is Higher Than Both Utilization (23.3%) and Availability (19.1%) for FY 2011

Note: "*" denotes data unavailable or insufficient.

In cases where actual utilization is less than actual availability (i.e. the disparity ratio is less than 1.0, which represents under-utilization), we tend to 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 understand what measures may be utilized to increase their M/W/DSBE participation in the upcoming year, a recommendation that is further elaborated in Section 5 of this report.

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), we tend to 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 works with other public and private technical assistance providers to help increase the amount of "ready, willing, and able" (RWA) M/W/DSBEs, a recommendation that is further elaborated in the next section.

⁷¹ Prefix of "U" = 2011 Utilization Rate > 2011 Availability Rate (i.e. disparity ratio > 1.0).

Prefix of "U/A" = 2011 Utilization Rate = 2011 Availability Rate (i.e. disparity ratio = 1.0).

Prefix of "A" = 2011 Availability Rate > 2011 Utilization Rate (i.e. disparity ratio < 1.0).

Prefix of "S" = Goal > 2011 Utilization Rate and 2011 Availability Rate.

Thus, the levels suggested as participation goals can be offered as benchmark utilization rates that should be strived for, with a prefix of “U” signifying cases in which M/W/DSBE utilization is currently greater than M/W/DSBE availability, and a prefix of “A” signifying cases in which M/W/DSBE utilization is currently lower than M/W/DSBE availability. These levels provide a **citywide framework for OEO’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.

In some cases, we recommend a participation goal that is higher than both FY 2011 utilization and FY 2011 availability. These **“stretch” goals**, signified with a prefix of “S,” represent a desire to reach past the limitations set by both historical utilization and historical availability, and will require efforts on both fronts: holding City agencies accountable to increase utilization, and leveraging both Administration resources and other public and private sector efforts to increase availability. “Stretch” goals acknowledge that both historical utilization and historical availability have been lower than they could be, given their relative under-representation in the OEO directory when compared to the evident potential of each group to do business with the City, and that increasing participation beyond historical utilization and historical availability is a worthwhile public policy goal.⁷²

For recommended citywide participation goals based on FY 2011 results, there is one case in which a “stretch” goal is advanced, and that is for all contract types for all M/W/DSBEs. Overall, FY 2011 availability was 19.1 percent, and FY 2011 utilization was 23.3 percent. Given that the structural improvements the City has put in place to increase M/W/DSBE participation are starting to yield results, and given the fact that recent Annual Disparity Studies have set this overall goal at at least 25 percent, we recommend a “stretch” goal of 25 percent. Bear in mind, also, that FY 2011 availability at the City of Philadelphia level was 29.3 percent (vs. 19.1 percent at Philadelphia MSA level). While we weighed MSA-level data more heavily than City-level data, the higher availability estimate for the City-level data suggests that availability may be higher than the estimated 19.1 percent.

Looking ahead, a number of recent significant organizational shifts – moving OEO from the Finance Department to the Commerce Department, hiring a new OEO director, and getting out of the certification business to deploy more resources towards outreach and capacity-building – will likely pay dividends in improving the City’s utilization of M/W/DSBEs and in strengthening the overall capacity of M/W/DSBEs. Accordingly, we encourage the City to see our recommended Annual Participation Goals as levels that it should reach and eventually exceed

⁷² Section 6-109 of the Philadelphia Home Rule Charter, which provides guidance on how Annual Participation Goals are to be set, notes that goals must be informed by historical utilization and availability rates, but it does not appear to infer that they must be constrained by them, particularly as it relates to redressing specific patterns of past discrimination. Hence, setting “stretch goals” that are set in part by considering historical utilization and availability rates but that are themselves higher than these historical rates does not appear to be forbidden.

over a multi-year period, reaching **M/W/DSBE utilization of at least 25 percent by FY 2014** (see Table C.9 and Table C.10).

Table C.9 – Actual and Recommended Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Located within the US, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities) (by \$ Contracts Awarded)⁷³

	Actual						Recommended		
	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
All M/W/DSBE	23.6%	22.3%	19.2%	19.0%	20.8%	23.3%	24.0%	25.0%	25.0%
MBE	17.7%	15.7%	14.8%	14.1%	14.9%	15.3%	15.0%	15.0%	15.0%
WBE	9.9%	10.8%	7.6%	8.6%	8.9%	10.8%	11.0%	12.0%	13.0%

Source: OEO Annual Participation Report (FY 2006, FY 2007, FY 2008, FY 2009, FY 2010, FY 2011), Econsult Corporation (2007, 2008, 2009, 2010, 2011, 2012)

Table C.10 – Actual and Recommended Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Located within the US, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities) (by \$ Contracts Awarded)⁷⁴

	Actual						Recommended		
	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
PW	19.6%	16.5%	15.1%	12.1%	21.9%	19.8%	20.0%	20.0%	20.0%
PPS	25.8%	27.5%	22.7%	22.9%	15.2%	26.2%	26.0%	26.0%	26.0%
SSE	22.2%	17.1%	18.6%	12.8%	30.4%	18.9%	19.0%	19.0%	19.0%

Source: OEO Annual Participation Report (FY 2006, FY 2007, FY 2008, FY 2009, FY 2010, FY 2011), Econsult Corporation (2007, 2008, 2009, 2010, 2011, 2012)

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 RWA M/W/DSBEs grows faster than the number of all RWA firms, the availability rate will increase, and previously set targets for utilization rates will result in

⁷³ These goals may be adjusted over time pending any changes in M/W/DSBE availability.

⁷⁴ These goals may be adjusted over time pending any changes in M/W/DSBE availability.

disparity ratios lower than expected. If the number of RWA M/W/DSBEs 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 M/W/DSBE 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 M/W/DSBE utilization that needs to be increased but of low M/W/DSBE availability that needs to be increased.

Note, for example, the disparity ratios that would be above 1.0 if the City were to meet our stated FY 2011 participation goals, and current availability rates still applied (see Table C.11). We would not interpret such ratios above 1.0 as demonstrating “over-utilization” but rather “under-availability.”⁷⁵

⁷⁵ 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 M/W/DSBE utilization rates exceed M/W/DSBE 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 M/W/DSBEs, City agencies were able to enable M/W/DSBE participation at significant rates.

Table C.11 – Disparity Ratios if Recommended FY 2014 Participation Goals are Met and FY 2011 Availability Rates Hold Steady, by Contract Type and by M/W/DSBE Category

	PW	PPS	SSE	All Contract Types
White Female	*	*	*	*
Native American	*	*	*	22.6
Asian American	2.2	1.2	1.0	1.0
African American	4.1	7.9	8.5	7.2
Hispanic	43.7	1.0	4.1	6.1
All MBE	1.0	2.4	2.7	2.6
All WBE	1.4	1.0	1.0	1.0
DSBE	*	*	*	*
City-Based M/W/DSBE	*	*	*	*
All M/W/DSBE	1.7	1.0	1.2	1.3

Source: Econsult Corporation (2011, 2012); Utilization = OEO Annual Participation Report (FY 2010, FY 2011); Availability = US Census Bureau Survey of Business Owners (2002, 2007), US Small Business Administration - Philadelphia District Office (2004)

Note: "*" denotes data unavailable or insufficient.

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 M/W/DSBE 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 M/W/DSBEs and thus increase availability rates.

APPENDIX D: ADDITIONAL DOCUMENTATION OF DATA SETS AND METHODOLOGICAL APPROACH FOR UTILIZATION AND AVAILABILITY ESTIMATES

D.1 UTILIZATION - OEO PARTICIPATION REPORT (USED FOR UTILIZATION “U1,” “U2,” AND “U3”)

In order to obtain all the utilization figures used in this report, we used both the “Fourth Quarter FY 2011 Participation Report” and “Listing of OEO-registered M/W/DSBEs” reports provided by the City of Philadelphia’s Office of Economic Opportunity (OEO). The former document contains all the contracts that have been awarded to Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs), and Disabled Business Enterprises (DSBEs) (collectively known as M/W/DSBEs) throughout the year and provides the company name, the race and gender of the 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 (PW); Supplies, Services and Equipment (SSE); and Personal and Professional Services (PPS) categories.

1. In order to classify each contract on the Participation Report as belonging to one of the three geographical categories identified by OEO, namely “City”, “MSA”, and “All”, we first identified the component parts of the Philadelphia Metropolitan Statistical Area (MSA)⁷⁶ as defined by the Office of Management and Budget and listed on the US Census Bureau site at <http://www.census.gov/population/estimates/MSA-city/0312msa.txt>. The counties included in the MSA are:

- Philadelphia County, PA
- Bucks County, PA
- Chester County, PA
- Delaware County, PA
- Montgomery County, PA
- Burlington County, NJ
- Camden County, NJ
- Gloucester County, NJ

⁷⁶ 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.

-
- Salem County, NJ
 - New Castle County, DE
 - 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. 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 “MSA”, to each vendor by comparing the vendor’s actual zip code as provided in the “Listing of OEO-registered M/W/DSBEs” spreadsheet to the database we had compiled.
 4. The vendors registered outside of either the “City” or “MSA” categories were counted under the third category, “All”.
 5. Although this was not the case for the FY 2011 data, if any of the vendors on the list of OEO-registered M/W/DSBEs did not have zip code information, we would perform additional research via the Internet, as well as through OEO’s website, in order to establish their location and thus classify them correctly.
 6. After flagging each vendor as either “City” or “MSA” 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 OEO, and in order to ease comparison with previously conducted disparity studies, we consolidated the data from the Participation Report into the following five categories according to the contract type:
 - a. Public Works (PW)
 - b. Personal and Professional Services (PPS)

- c. Supplies, Services, and Equipment (SSE)
- d. Miscellaneous Purchase Orders (MPO)
- e. Small Order Purchases (SOP)

D.2 AVAILABILITY

D.2.1 US Census (Used for availability) “A1”, “A2,” “A3,” “A4,” “A5”, “A6”, “A7”, and “A8”)

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

This report uses data from the 2007 SBO. SBO data are available for the City of Philadelphia and the Philadelphia MSA from 2007 (the most recent year 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=2007+Survey+of+Business+Owners&SectorId=*&ds_name=EC0700A1

We used the following process to calculate availability rate using census data (a weighted approach to estimating availability is discussed in Appendix F):

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> and clicking on the “Get Data” link under “Economic Census.”

2. Once opened, the link automatically connects to the 2007 Economic Census dataset. Click on the “2007 Survey of Business Owners” link under “Detailed Statistics.”

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 MSA Area” and click OK on the right. The datasets available for the Philadelphia Metropolitan Statistical Area (MSA) will appear in the window below.⁷⁷
5. Select the dataset U.S. Firms by Geographic Area, Industry, Gender, Ethnicity, and Race: 2007. This 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 SBO does not collect data on DSBEs.
6. For various reasons, the Census reports do not provide data for all the categories and subcategories. There are two major data error classifications:
 - a. “**D** - Withheld to avoid disclosing data for individual companies; data are included in higher level totals”
 - b. “**S** - Withheld because estimate did not meet publication standards”

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.

⁷⁷ “Philadelphia County” can also be selected, yielding data for the City of Philadelphia by itself.

D.2.2 Procurement Department Vendor List (Used for Availability “A9” and “A10”)

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 Department and whose physical address was within the Metropolitan area. This approach must be tempered by the fact that this list is predominantly firms for PW and SSE contracts, and not for PPS contracts.

1. The list of companies registered to do business with the City of Philadelphia, provided by the Procurement Department, included 4,356 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, in order to flag in an Excel spreadsheet all vendors as either belonging to the “MSA” 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 Department 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 “MSA” location category, 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 OEO, as well as by the Procurement Department, that Personal and Professional Services contracts are performed through the e-contracts system of the City of Philadelphia and therefore not all PPS vendors are included in the Procurement Department’s Vendor 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 M/W/DSBEs registered with OEO (from OEO’s Race Detail Report) to the total number of firms registered with the Procurement Department, or by comparing the total number of M/W/DSBEs 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.

APPENDIX E: DISPARITY STUDY DATASET AND RELATED FILES

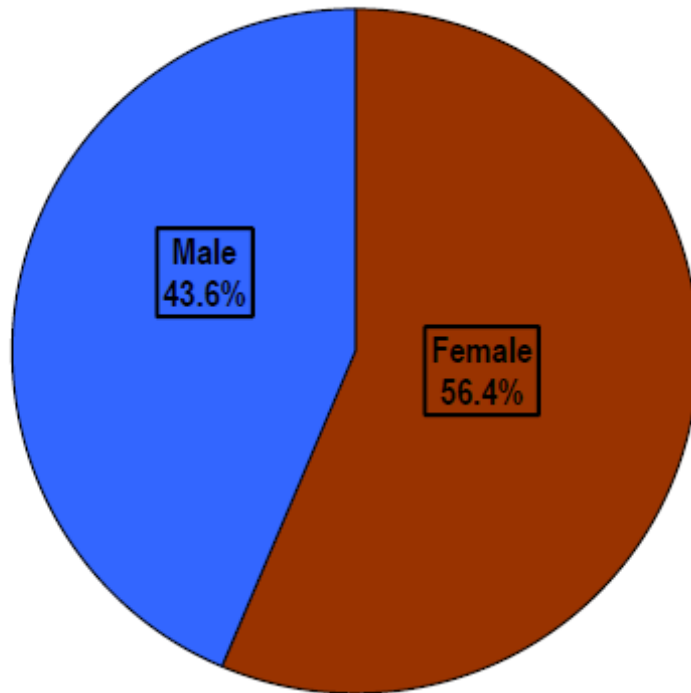
Table E.1: Datasets for the Annual Disparity Study

File Name	File Type	Description
"Commodity_Codes_to_Lookup"	MS Excel (.xls)	A file which lists commodity codes and descriptions and corresponding NAICS codes which have been hand-coded.
"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.
"Master_contract_list"	STATA Dataset (.dta)	A STATA dataset containing all of the prime and subcontract vendors and contract amounts included in the "OEO Contract Participation 4 th Qt FY 11 Report.xls".
"OEO Vendors with Race FY 2012"	MS Excel (.xls)	The original file provided to Econsult by OEO listing all current registered vendors.
"OEO Contract Participation 4 th Qt FY11 Report"	MS Excel (.xls)	The original file provided to Econsult by OEO listing all prime and subcontract vendors along with contract amounts.
"PMSA Zip Codes"	MS Excel (.xls)	A compilation of all the zip codes in the City and MSA areas.
"pmsa_zip_codes"	STATA Dataset (.dta)	A STATA dataset version of "PMSA Zip Codes.xls"
"Procurement Vendor Listing"	MS Excel (.xls)	A list of vendors registered with the City's Procurement Office, provided by same.
"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.
"Summary of Availability Data – SBA Census"	MS Excel (.xls)	A spreadsheet with four tabs, each summarizing the data available from the 2007 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.

Source: Econsult Corporation (2012)

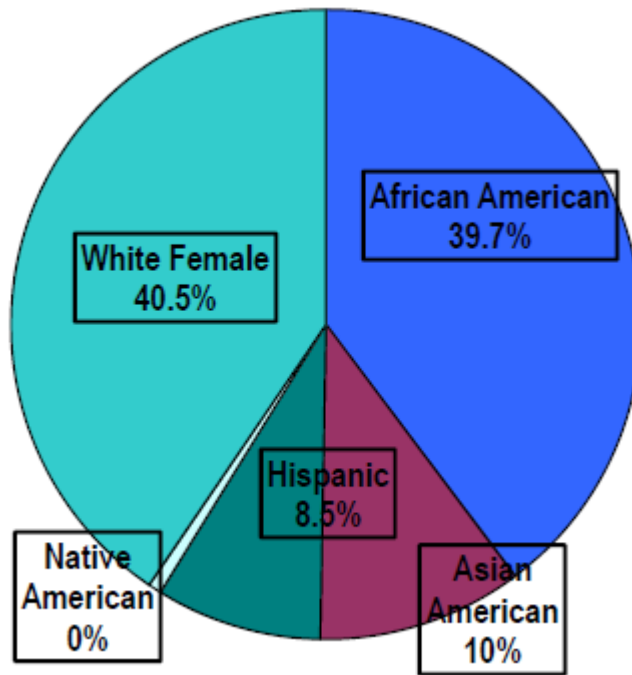
APPENDIX F: DISTRIBUTION OF ALL OEO REGISTERED FIRMS

Figure F.1 – January 2012 Distribution of OEO-Registered Firms by Gender



Source: City of Philadelphia Office of Economic Opportunity (2012), Econsult Corporation (2012)

Figure F.2 – January 2012 Distribution of OEO-Registered Firms by Ethnicity



Source: City of Philadelphia Office of Economic Opportunity (2012), Econsult Corporation (2012)

Table F.1 – Distribution of OEO-Registered Firms by State (as of January 2012)

State	Number of Firms
Pennsylvania	1,291
New Jersey	277
New York	68
Maryland	56
Delaware	43
Virginia	27
Florida	23
Illinois	21
California	20
Georgia	19
District of Columbia	18
Texas	17
Massachusetts	14
North Carolina	12
Michigan	9
Ohio	7
Indiana	6
Connecticut	4
Missouri	4
South Carolina	4
Tennessee	4
Minnesota	2
Utah	2
Washington	2
Arizona	1
Colorado	1
Kansas	1
Kentucky	1
New Hampshire	1
Nevada	1
Oklahoma	1
Oregon	1
Rhode Island	1
Total	1,959

Source: City of Philadelphia - Office of Economic Opportunity (2012), Econsult Corporation (2012)

**Table F.2 – Distribution of OEO-Registered Firms by Industry by Location of Firm
(as of January 2012)**

Contract Type	City		MSA		US	
	#	%	#	%	#	%
PW	339	17.3%	586	29.9%	940	48.0%
PPS	404	20.6%	711	36.3%	1,194	60.9%
SSE	188	9.6%	318	16.2%	473	24.1%
All Contract Types	706	36.0%	1,230	62.8%	1,959	100.0%

Source: City of Philadelphia - Office of Economic Opportunity (2012), Econsult Corporation (2012)

**Table F.3 – Distribution of OEO-Registered Firms by Industry by M/W/DSBE Category
(as of January 2012)**

Contract Type	MBE		WBE		DSBE		M/W/DSBE	
	#	%	#	%	#	%	#	%
PW	554	28.3%	509	26.0%	4	0.2%	940	48.0%
PPS	711	36.3%	679	34.7%	5	0.3%	1,194	60.9%
SSE	300	15.3%	258	13.2%	3	0.2%	473	24.1%
All Contract Types	1167	59.6%	1,104	56.4%	10	0.5%	1,959	100.0%

Source: City of Philadelphia - Office of Economic Opportunity (2012), Econsult Corporation (2012)

Table F.4 – Change in Distribution of OEO-Registered Firms by Location of Firm (Q1 2011 to Q2 2012)

		As of Q1 2011			Additions Since Q1 2011			Subtractions Since Q1 2011			As of Q1 2012		
		City	MSA	US	City	MSA	US	City	MSA	US	City	MSA	US
MBE - African American	Male	239	339	473	38	65	107	18	30	45	259	374	535
MBE - Hispanic or Latino	Male	38	54	104	13	23	33	2	2	10	49	75	127
MBE - Asian	Male	30	67	133	4	8	39	2	3	12	32	72	160
MBE - Native American	Male	0	1	6	1	1	5	0	0	1	1	2	10
MBE - Other	Male	4	9	15	0	0	0	2	2	1	2	7	14
MBE - Total	Male	311	470	731	56	97	184	24	37	69	343	530	846
WBE - White	Female	170	378	616	43	114	209	10	21	41	203	471	784
WBE - African American	Female	115	159	206	22	30	45	9	14	17	128	175	234
WBE - Hispanic or Latino	Female	9	17	30	4	5	11	0	1	3	13	21	38
WBE - Asian	Female	17	28	44	2	3	6	3	5	6	16	26	44
WBE - Native American	Female	1	1	3	0	0	0	0	0	0	1	1	3
WBE - Other	Female	0	1	2	0	0	0	0	0	0	0	1	2
WBE - Total	Female	312	584	901	71	152	271	22	41	67	361	695	1105
White	Female	170	378	616	43	114	209	10	21	41	203	471	784
Native American	M&F	1	2	9	1	1	5	0	0	1	2	3	13
Asian American	M&F	47	95	177	6	11	45	5	8	18	48	98	204
African American	M&F	354	498	679	60	95	152	27	44	62	387	549	769
Hispanic	M&F	47	71	134	17	28	44	2	3	13	62	96	165
Other	M&F	4	10	17	0	0	0	2	2	1	2	8	16
All MBE	M&F	453	676	1016	84	135	246	36	57	95	501	754	1167
All	Female	312	584	901	71	152	271	22	41	67	361	695	1105
Disabled	M&F	3	6	8	1	1	0	0	0	0	2	5	8
All M/W/DSBE	M&F	626	1060	1640	128	250	455	46	78	136	706	1,230	1,959

Source: City of Philadelphia - Office of Economic Opportunity (2012), Econsult Corporation (2012)

Table F.5 – Change in Distribution of OEO-Registered Firms by Location of Firm (Q1 2011 to Q1 2012)

	As of Q1 2011			Additions Since Q1 2011			Subtractions Since Q1 2011			As of Q1 2011		
	City	MSA	US	City	MSA	US	City	MSA	US	City	MSA	US
PW	294	489	761	63	126	236	24	39	74	339	586	940
PPS	362	612	980	65	136	273	24	42	70	404	711	1,194
SSE	175	283	414	33	29	107	18	29	51	188	318	473
Total	626	1,060	1,640	128	250	455	46	78	136	706	1,230	1,959

Source: City of Philadelphia - Office of Economic Opportunity (2012), Econsult Corporation (2012)

APPENDIX G: UTILIZATION CHARTS

Here we provide an overview of the City of Philadelphia’s utilization of M/W/DSBEs in its awarding of contracts, sized to three geographies: City, Philadelphia MSA, and US (see Table G.1).

- The first two columns delineate which M/W/DSBE category is being considered.
- The next three columns show the utilization of various M/W/DSBE categories in PW contracts.
- The following three columns show the utilization of various M/W/DSBE categories in PPS contracts.
- The next three columns show the utilization of various M/W/DSBE categories in SSE contracts.
- The next three columns show the utilization of various M/W/DSBE categories across all contract types.

Within each set of columns, we further broke out contracts awarded to M/W/DSBEs based on whether they are listed in the OEO directory 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 M/W/DSBEs, not just all M/W/DSBEs.

We also distinguish between M/W/DSBE utilization as prime contractors versus utilization as sub-contractors (see Table G.2). We also provide utilization goals and actuals by department, compared to FY 2010 (see Table G.3), by geographic location compared to FY 2010 (see Table G.4) and over three years (see Table G.5). We also account for the distribution of contracts by M/W/DSBE type (see Table G.6). Finally, we looked at the M/W/DSBE distribution of contracts, in terms of the proportion of contracts with M/W/DSBE participation (see Table G.7) and the number of contracts participated in by various M/W/DSBEs (see Table G.8).

As noted previously, these utilization results include federally funded contracts; these represent City decisions, although they are influenced by federal guidelines and are subject to lower federal M/W/DSBE participation goals. These utilization results do not include spending by quasi-public entities such as Philadelphia Housing Development Corporation, Philadelphia Industrial Development Corporation, and Redevelopment Authority.

Table G.1 – FY 2011 Utilization of M/W/DSBEs, by Contract Type, by Location of M/W/DSBE, and by M/W/DSBE Category, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities) (by \$ Contracts Awarded)⁷⁸

Ethnicity	Gender	PW			PPS			SSE			All Contract Types		
		City	MSA	US	City	MSA	US	City	MSA	US	City	MSA	US
White	Female	1.0%	7.3%	10.5%	1.1%	1.9%	5.5%	4.7%	4.7%	6.8%	1.7%	4.4%	8.0%
Native American	M&F	0.0%	0.0%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
Asian American	M&F	0.0%	0.0%	1.3%	0.1%	1.9%	4.7%	0.0%	0.0%	0.1%	0.0%	1.0%	2.7%
African American	M&F	0.5%	2.8%	4.0%	9.8%	10.8%	14.5%	0.1%	0.1%	9.9%	4.8%	6.2%	10.0%
Hispanic	M&F	0.6%	2.9%	3.3%	1.0%	1.2%	1.3%	0.3%	0.3%	2.0%	0.8%	1.7%	2.2%
Other	M&F	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
All MBE	M&F	1.1%	6.0%	9.3%	10.9%	14.1%	20.7%	0.5%	0.6%	12.1%	5.7%	9.0%	15.3%
Disabled	M&F	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
All	Female	1.1%	7.7%	12.1%	3.9%	4.9%	10.0%	4.8%	4.9%	7.0%	3.0%	6.0%	10.8%
All M/W/DSBE	M&F	2.2%	13.3%	19.8%	12.0%	16.0%	26.2%	5.1%	5.3%	18.9%	7.3%	13.4%	23.3%

Source: OEO Annual Participation Report (FY 2011), Econsult Corporation (2012)

⁷⁸ Figures in the bottom row are not necessarily the sum of the above rows, because businesses can belong to more than one M/W/DSBE category.

Table G.2 – FY 2011 Utilization of M/W/DSBEs as Prime Contractors in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type (by \$ Contracts Awarded)

Contract Type	Total # Contracts	Total \$M Contracts	# MWDSBE Contracts	\$M MWDSBE Contracts
Public Works	151	\$282.62	7	\$6.12
MWDSBE Utilization as Prime			4.6%	2.2%
MWDSBE Total Utilization (Prime + Sub)				19.8%
Services, Supplies, and Equipment	351	\$122.47	18	\$6.17
MWDSBE Utilization as Prime			5.1%	5.0%
MWDSBE Total Utilization (Prime + Sub)				18.0%
Personal and Professional Services	773	\$365.12	166	\$54.81
MWDSBE Utilization as Prime			21.5%	15.0%
MWDSBE Total Utilization (Prime + Sub)				26.1%
All Contract Types (Not Incl SOP/MPO)	1,275	\$770.21	191	\$67.10
MWDSBE Utilization as Prime			15.0%	8.7%
MWDSBE Total Utilization (Prime + Sub)				22.5%
Small Order Purchases (SOP)	782	\$4.83	87	\$0.46
MWDSBE Utilization as Prime			11.1%	9.6%
MWDSBE Total Utilization (Prime + Sub)				9.6%
Miscellaneous Purchase Orders (MPO)	242	\$3.58	43	\$0.74
MWDSBE Utilization as Prime			17.8%	20.6%
MWDSBE Total Utilization (Prime + Sub)				20.7%
All Contract Types Incl SOP/MPO)	2,299	\$778.63	321	\$68.30
MWDSBE Utilization as Prime			14.0%	8.8%
MWDSBE Total Utilization (Prime + Sub)				23.3%

Source: OEO Annual Participation Report (FY 2011), Econsult Corporation (2012)

Table G.3 – FY 2011 Utilization (“U3”) - Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Located within the US, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by City Department (by \$ Contracts Awarded)

City Department	FY11 Dept Total (in \$M)	FY11 M/W/DSBE Total (in \$M)	FY11 M/W/DSBE %Utilization Actual	FY10 M/W/DSBE %Utilization Actual	FY11 MBE %Utilization Actual	FY11 WBE %Utilization Actual	FY11 DSBE %Utilization Actual
Aviation	\$103.5	\$21.3	20.6%	28.4%	14.6%	7.7%	0.5%
Behavioral Health and Intellectual Disability Services	\$7.0	\$0.4	6.0%	1.4%	6.0%	0.0%	0.0%
Board of Ethics	\$0.0	\$0.0	0.0%	0.0%	0.0%	0.0%	0.0%
Camp William Penn	\$0.0	\$0.0	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Program Office	\$0.0	\$0.0	0.0%	0.0%	0.0%	0.0%	0.0%
City Planning Commission	\$0.3	\$0.1	32.5%	47.7%	7.6%	32.5%	0.0%
City Representative	\$1.0	\$0.8	75.1%	0.0%	54.5%	62.7%	0.0%
Civil Service Commission	\$0.0	\$0.0	100.0%	0.0%	100.0%	100.0%	0.0%
Commerce	\$0.1	\$0.0	23.5%	12.6%	8.2%	15.3%	0.0%
Division of Technology	\$19.8	\$5.0	25.1%	25.7%	21.8%	10.6%	0.0%
Fairmount Park Commission	\$0.0	\$0.0	0.0%	0.0%	0.0%	0.0%	0.0%
Finance, Director of	\$12.9	\$5.2	40.3%	39.5%	30.1%	24.1%	0.0%
Fire	\$4.2	\$0.6	13.3%	0.0%	13.3%	0.0%	0.0%

City Department	FY11 Dept Total (in \$M)	FY11 M/W/DSBE Total (in \$M)	FY11 M/W/DSBE %Utilization Actual	FY10 M/W/DSBE %Utilization Actual	FY11 MBE %Utilization Actual	FY11 WBE %Utilization Actual	FY11 DSBE %Utilization Actual
First Judicial District of PA	\$0.0	\$0.0	0.0%	0.0%	0.0%	0.0%	0.0%
Fleet Management	\$4.3	\$1.5	35.2%	7.7%	34.7%	0.5%	0.0%
Health, Department of Public	\$20.7	\$11.0	53.0%	15.1%	43.7%	13.0%	0.0%
Historical Commission	\$0.0	\$0.0	0.0%	0.0%	0.0%	0.0%	0.0%
Human Services, Department of	\$66.7	\$2.2	3.3%	3.8%	3.1%	0.4%	0.0%
Labor Relations	\$0.0	\$0.0	0.0%	0.0%	0.0%	0.0%	0.0%
Law Department	\$11.1	\$3.8	34.6%	4.0%	33.7%	11.2%	0.0%
Library, Free	\$1.1	\$0.2	18.2%	1.1%	15.9%	3.5%	0.0%
Licenses and Inspections, Department of (L&I)	\$10.7	\$2.3	21.3%	25.0%	15.3%	9.0%	0.0%
Managing Director's Office	\$2.2	\$0.7	29.6%	3.5%	27.2%	29.3%	0.0%
Mayor's Office	\$0.2	\$0.0	13.2%	20.6%	13.2%	13.2%	0.0%
Mayor's Office of Community Services	\$0.0	\$0.0	0.0%	11.9%	0.0%	0.0%	0.0%
Mural Arts Program	\$0.0	\$0.0	0.0%	0.0%	0.0%	0.0%	0.0%
Office of Emergency Services	\$0.0	\$0.0	0.0%	0.0%	0.0%	0.0%	0.0%

City Department	FY11 Dept Total (in \$M)	FY11 M/W/DSBE Total (in \$M)	FY11 M/W/DSBE %Utilization Actual	FY10 M/W/DSBE %Utilization Actual	FY11 MBE %Utilization Actual	FY11 WBE %Utilization Actual	FY11 DSBE %Utilization Actual
Office of Housing & Community Development	\$0.3	\$0.0	28.4%	33.1%	0.0%	28.4%	0.0%
Office of Supportive Housing (OSH)	\$4.3	\$0.9	20.6%	29.4%	20.6%	0.0%	0.0%
Office of the Inspector General	\$0.2	\$0.0	0.0%	0.0%	0.0%	0.0%	0.0%
Pensions & Retirement, Board of	\$25.4	\$3.1	12.2%	10.9%	10.4%	5.2%	0.0%
Personnel	\$4.6	\$0.0	1.5%	6.5%	0.8%	0.7%	0.0%
Police	\$8.5	\$1.4	16.0%	2.4%	9.7%	15.7%	0.0%
Prisons	\$88.8	\$24.0	27.0%	29.7%	18.2%	10.4%	0.0%
Procurement	\$0.0	\$0.0	0.0%	0.0%	0.0%	0.0%	0.0%
Property, Department of Public	\$77.5	\$29.5	38.1%	30.1%	29.4%	14.8%	0.0%
Records	\$0.6	\$0.3	41.5%	14.9%	0.0%	41.5%	0.0%
Parks and Recreation	\$2.8	\$0.7	24.4%	1.5%	10.4%	13.9%	0.0%
Revenue	\$4.0	\$0.1	3.7%	19.4%	0.0%	3.7%	0.0%
Revision of Taxes, Board of	\$0.0	\$0.0	0.0%	17.2%	0.0%	0.0%	0.0%
Sinking Fund Commission	\$0.0	\$0.0	0.0%	0.0%	0.0%	0.0%	0.0%
Streets	\$123.0	\$27.2	22.1%	47.8%	10.9%	11.5%	0.0%

City Department	FY11 Dept Total (in \$M)	FY11 M/W/DSBE Total (in \$M)	FY11 M/W/DSBE %Utilization Actual	FY10 M/W/DSBE %Utilization Actual	FY11 MBE %Utilization Actual	FY11 WBE %Utilization Actual	FY11 DSBE %Utilization Actual
Treasurer, City	\$0.8	\$0.2	24.3%	15.3%	9.9%	16.8%	0.0%
Water Department	\$134.9	\$33.3	24.7%	17.0%	12.2%	14.2%	0.0%
Youth Commission	\$0.0	\$0.0	0.0%	0.0%	0.0%	0.0%	0.0%
Zoning Code Commission	\$0.20	\$0.06	27.0%	0.0%	0.0%	0.0%	0.0%
All Departments	\$741.80	\$175.82	23.2%	23.2%	14.9%	8.9%	0.1%
All with Citywide SSE⁷⁹	\$778.60	\$181.31	23.3%	20.8%	15.3%	10.8%	0.0%

Source: OEO Annual Participation Report (FY 2011), Econsult Corporation (2012)

⁷⁹ M/W/DSBE utilization does not equal the sum of MBE, WBE, and DSBE utilization because businesses can belong to more than one category (e.g. MBE and WBE).

Table G.4 – FY 2011 Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by City Department and by Location of M/W/DSBE (by \$ Contracts Awarded)

City Department	FY 11 Dept Total (in \$M)	FY 11 M/W/DSBE Total (in \$M)			FY 11 M/W/DSBE %Utilization		
		City	MSA	US	City	MSA	US
Aviation	\$103.5	\$6.9	\$16.1	\$21.3	6.7%	15.6%	20.6%
Behavioral Health and Intellectual Disability Services	\$7.0	\$0.0	\$0.0	\$0.4	0.0%	0.0%	6.0%
Board of Ethics	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%	0.0%
Camp William Penn	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%	0.0%
Capital Program Office	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%	0.0%
City Planning Commission	\$0.3	\$0.0	\$0.0	\$0.1	7.1%	16.6%	32.5%
City Representative	\$1.0	\$0.0	\$0.0	\$0.8	0.8%	0.1%	75.1%
Civil Service Commission	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%	100.0%
Commerce	\$0.1	\$0.0	\$0.0	\$0.0	22.2%	22.2%	23.5%
Division of Technology	\$19.8	\$1.0	\$2.8	\$5.0	5.1%	14.1%	25.1%
Fairmount Park Commission	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%	0.0%
Finance, Director of	\$12.9	\$3.3	\$4.7	\$5.2	25.2%	0.0%	40.3%
Fire	\$4.2	\$0.6	\$0.6	\$0.6	13.3%	13.3%	13.3%
First Judicial District of PA	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%	0.0%
Fleet Management	\$4.3	\$0.0	\$0.0	\$1.5	0.0%	0.3%	35.2%
Health, Department of Public	\$20.7	\$0.6	\$0.7	\$11.0	3.0%	3.2%	53.0%
Historical Commission	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%	0.0%
Human Services, Department of	\$66.7	\$1.2	\$1.7	\$2.2	1.8%	2.5%	3.3%
Labor Relations	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%	0.0%
Law Department	\$11.1	\$3.6	\$3.8	\$3.8	32.5%	34.1%	34.6%
Library, Free	\$1.1	\$0.1	\$0.2	\$0.2	6.5%	18.4%	18.2%
Licenses and Inspections, Department of (L&I)	\$10.7	\$0.2	\$0.5	\$2.3	1.9%	4.6%	21.3%
Managing Director's Office	\$2.2	\$0.3	\$0.6	\$0.7	15.3%	27.3%	29.6%

City Department	FY 11 Dept Total (in \$M)	FY 11 M/W/DSBE Total (in \$M)			FY 11 M/W/DSBE %Utilization		
		City	MSA	US	City	MSA	US
Mayor's Office	\$0.2	\$0.0	\$0.0	\$0.0	13.2%	13.2%	13.2%
Mayor's Office of Community Services	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%	0.0%
Mural Arts Program	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%	0.0%
Office of Emergency Services	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%	0.0%
Office of Housing & Community Development	\$0.3	\$0.0	\$0.1	\$0.0	0.0%	25.7%	28.4%
Office of Supportive Housing (OSH)	\$4.3	\$0.5	\$0.8	\$0.9	11.2%	20.6%	20.6%
Office of the Inspector General	\$0.2	\$0.0	\$0.0	\$0.0	0.0%	0.0%	0.0%
Pensions & Retirement, Board of	\$25.4	\$0.0	\$0.0	\$3.1	0.0%	0.1%	12.2%
Personnel	\$4.6	\$0.0	\$0.1	\$0.0	0.0%	1.4%	1.5%
Police	\$8.5	\$1.3	\$1.3	\$1.4	15.3%	15.3%	16.0%
Prisons	\$88.8	\$10.2	\$10.2	\$24.0	11.5%	11.5%	27.0%
Procurement	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%	0.0%
Property, Department of Public	\$77.5	\$16.1	\$24.5	\$29.5	20.8%	31.6%	38.1%
Records	\$0.6	\$0.0	\$0.2	\$0.3	0.0%	36.7%	41.5%
Parks and Recreation	\$2.8	\$0.3	\$0.5	\$0.7	9.5%	19.6%	24.4%
Revenue	\$4.0	\$0.0	\$0.0	\$0.1	0.0%	0.0%	3.7%
Revision of Taxes, Board of	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%	0.0%
Sinking Fund Commission	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%	0.0%
Streets	\$123.0	\$6.6	\$11.9	\$27.2	5.4%	9.7%	22.1%
Treasurer, City	\$0.8	\$0.0	\$0.0	\$0.2	2.4%	2.4%	24.3%
Water Department	\$134.9	\$3.6	\$21.4	\$33.3	2.7%	15.8%	24.7%
Youth Commission	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%	0.0%
Zoning Code Commission	\$0.2	\$0.1	\$0.1	\$0.1	27.0%	27.0%	27.0%
All Departments	\$741.80	\$56.40	\$102.95	\$175.82	7.6%	13.9%	23.2%
All with Citywide SSE	\$778.60	\$57.00	\$104.50	\$181.31	7.2%	13.2%	23.3%

Source: OEO Annual Participation Report (FY 2011), Econsult Corporation (2012)

Table G.5 - FY 2011 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, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), Sorted by 3-Year Average Utilization by City Department (by \$ Contracts Awarded)

City Department	FY11 Dept Total (in \$M)	FY11 M/W/DSBE Total (in \$M)	FY11 M/W/DSBE %Utilization Actual	FY10 M/W/DSBE %Utilization Actual	FY09 M/W/DSBE %Utilization Actual	3-yr Average
Aviation	\$103.5	\$21.3	20.6%	28.4%	23.2%	24.1%
Behavioral Health and Intellectual Disability Services	\$7.0	\$0.4	6.0%	1.4%	0.7%	2.7%
Board of Ethics	\$0.0	\$0.0	0.0%	0.0%	0.0%	N/A
Camp William Penn	\$0.0	\$0.0	0.0%	0.0%	0.0%	N/A
Capital Program Office	\$0.0	\$0.0	0.0%	0.0%	53.7%	N/A
City Planning Commission	\$0.3	\$0.1	32.5%	47.7%	63.9%	48.0%
City Representative	\$1.0	\$0.8	75.1%	N/A	N/A	N/A
Civil Service Commission	\$0.0	\$0.0	100.0%	0.0%	0.0%	N/A
Commerce	\$0.1	\$0.0	23.5%	12.6%	0.0%	12.0%
Division of Technology	\$19.8	\$5.0	25.1%	25.7%	18.3%	23.0%
Fairmount Park Commission	\$0.0	\$0.0	0.0%	0.0%	75.1%	N/A
Finance, Director of	\$12.9	\$5.2	40.3%	39.5%	32.4%	37.4%
Fire	\$4.2	\$0.6	13.3%	0.0%	1.1%	4.8%
First Judicial District of PA	\$0.0	\$0.0	0.0%	0.0%	0.0%	N/A
Fleet Management	\$4.3	\$1.5	35.2%	7.7%	0.4%	14.4%
Health, Department of Public	\$20.7	\$11.0	53.0%	15.1%	1.4%	23.2%
Historical Commission	\$0.0	\$0.0	0.0%	0.0%	0.0%	N/A
Human Services, Department of	\$66.7	\$2.2	3.3%	3.8%	4.4%	3.8%
Labor Relations	\$0.0	\$0.0	0.0%	0.0%	0.0%	N/A
Law Department	\$11.1	\$3.8	34.6%	4.0%	17.2%	18.6%
Library, Free	\$1.1	\$0.2	18.2%	1.1%	5.1%	8.1%
Licenses and Inspections, Department of (L&I)	\$10.7	\$2.3	21.3%	25.0%	22.9%	23.1%

City Department	FY11 Dept Total (in \$M)	FY11 M/W/DSBE Total (in \$M)	FY11 M/W/DSBE %Utilization Actual	FY10 M/W/DSBE %Utilization Actual	FY09 M/W/DSBE %Utilization Actual	3-yr Average
Managing Director's Office	\$2.2	\$0.7	29.6%	3.5%	16.7%	16.6%
Mayor's Office	\$0.2	\$0.0	13.2%	20.6%	1.9%	11.2%
Mayor's Office of Community Services	\$0.0	\$0.0	0.0%	11.9%	42.0%	18.0%
Mural Arts Program	\$0.0	\$0.0	0.0%	0.0%	0.0%	N/A
Office of Emergency Services	\$0.0	\$0.0	0.0%	0.0%	0.0%	N/A
Office of Housing & Community Development	\$0.3	\$0.0	28.4%	33.1%	10.5%	24.0%
Office of Supportive Housing (OSH)	\$4.3	\$0.9	20.6%	29.4%	15.5%	21.8%
Office of the Inspector General	\$0.2	\$0.0	0.0%	0.0%	0.0%	0.0%
Pensions & Retirement, Board of	\$25.4	\$3.1	12.2%	10.9%	13.1%	12.1%
Personnel	\$4.6	\$0.0	1.5%	6.5%	0.0%	2.7%
Police	\$8.5	\$1.4	16.0%	2.4%	2.3%	6.9%
Prisons	\$88.8	\$24.0	27.0%	29.7%	1.2%	19.3%
Procurement	\$0.0	\$0.0	0.0%	0.0%	29.2%	N/A
Property, Department of Public	\$77.5	\$29.5	38.1%	30.1%	0.0%	22.7%
Records	\$0.6	\$0.3	41.5%	14.9%	41.7%	32.7%
Parks and Recreation*	\$2.8	\$0.7	24.4%	1.5%	13.4%	13.1%
Revenue	\$4.0	\$0.1	3.7%	19.4%	24.5%	15.9%
Revision of Taxes, Board of	\$0.0	\$0.0	0.0%	17.2%	60.9%	26.0%
Sinking Fund Commission	\$0.0	\$0.0	0.0%	0.0%	0.0%	N/A
Streets	\$123.0	\$27.2	22.1%	47.8%	5.6%	25.2%
Treasurer, City	\$0.8	\$0.2	24.3%	15.3%	50.0%	29.9%
Water Department	\$134.9	\$33.3	24.7%	17.0%	12.6%	18.1%
Youth Commission	\$0.0	\$0.0	0.0%	0.0%	0.0%	N/A
Zoning Code Commission	\$0.2	\$0.1	27.0%	0.0%	0.0%	9.0%
All Departments	\$741.80	\$175.82	23.2%	23.2%	18.5%	21.7%
All with Citywide SSE	\$778.60	\$181.31	23.3%	20.8%	17.6%	20.6%

Source: OEO Annual Participation Report (FY 2009, 2010, 2011), Econsult Corporation (2010, 2011, 2012)

Table G.6 – Distribution of M/W/DSBE Utilization in City Transactions and Federally Funded Contracts (Including MOPs and SOPs), by Contract Type, by Contract Size, and by M/W/DSBE Category⁸⁰

	All Contracts		All PW Contracts		All PPS Contracts		All SSE Contracts		All Contracts >=\$500K		All Contracts \$100K-\$500K		All Contracts <=\$100K	
	Prime	Sub	Prime	Sub	Prime	Sub	Prime	Sub	Prime	Sub	Prime	Sub	Prime	Sub
MBE - African American	136	318	0	62	93	199	9	23	5	21	27	65	104	232
MBE - Hispanic or Latino	25	98	0	51	8	22	3	11	3	8	6	32	16	58
MBE - Asian	30	103	0	33	22	61	1	2	2	6	5	20	23	77
MBE - Native American	0	8	0	8	0	0	0	0	0	1	0	6	0	1
MBE - Other	1	28	0	0	0	27	1	1	0	1	1	2	0	25
MBE - Total	192	555	0	154	123	309	14	37	10	37	39	125	143	393
WBE - White	129	383	7	144	43	145	4	19	6	22	18	63	105	298
WBE - African American	50	133	0	15	39	103	2	6	1	3	10	24	39	106
WBE - Hispanic or Latino	5	13	0	2	0	6	0	0	0	0	0	2	5	11
WBE - Asian	14	42	0	23	9	13	0	1	0	0	2	5	12	37
WBE - Native American	0	9	0	9	0	0	0	0	0	0	0	6	0	3
WBE - Other	1	6	0	0	0	6	1	0	0	0	0	1	1	5
WBE - Total	199	586	7	193	91	273	7	26	7	25	30	101	162	460
DSBE – Total	0	2	0	2	0	0	0	0	0	0	0	0	0	2
M/W/DSBE – Total	321	940	7	300	166	454	18	56	16	59	57	188	248	693
Excluding MPO/SOP	191	810	7	300	166	454	18	56	16	59	57	188	118	563

Source: OEO Annual Participation Report (FY 2011), Econsult Corporation (2012)

⁸⁰ For sub-contractor columns, MBE counts do not add up to “MBE – Total” and WBE counts do not add up to “WBE – Total” because more than one type of MBE or WBE sub-contractor could have been on a contract, and in such cases, that contract would have been counted in multiple MBE or WBE types but would have only been counted once in “MBE – Total” or “WBE – Total.”

Table G.7 – FY 2011 Distribution of M/W/DSBE Utilization in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type⁸¹

	PW = 151 total contracts				PPS = 773 total contracts				SSE = 351 total contracts			
	M/W/DSBE	MBE	WBE	DSBE	M/W/DSBE	MBE	WBE	DSBE	MM/W/DSBE	MBE	WBE	DSBE
# Contracts with at Least 1 M/W/DSBE Participating	132	65	75	0	340	195	162	0	45	29	27	0
% Contracts with at Least 1 M/W/DSBE Participating	87.4%	43.0%	49.7%	0.0%	44.0%	25.2%	21.0%	0.0%	12.8%	8.3%	7.7%	0.0%
# Contracts Awarded to M/W/DSBE Prime Contractors	7	0	7	0	166	123	91	0	18	14	7	0
% Contracts Awarded to M/W/DSBE Prime Contractors	4.6%	0.0%	4.6%	0.0%	21.5%	15.9%	11.8%	0.0%	5.1%	4.0%	2.0%	0.0%
# Contracts with at Least 1 M/W/DSBE Sub-Contractor	125	65	68	0	174	72	71	0	27	15	20	0
% Contracts with at Least 1 M/W/DSBE Sub-Contractor	82.8%	43.0%	45.0%	0.0%	22.5%	9.3%	9.2%	0.0%	7.7%	4.3%	5.7%	0.0%

Source: OEO Annual Participation Report (FY 2010), Econsult Corporation (2011)

⁸¹ M/W/DSBE subtotals and totals may be less than the sum of MBE, WBE, and DSBE amounts, because participating firms can be considered more than one M/W/DSBE category, and because contracts can have multiple sub-contractors, including both one or more MBE and one or more WBE.

Table G.8 – FY 2011 Distribution of M/W/DSBE Utilization in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type⁸²

	PW = 151 total contracts				PPS = 773 total contracts				SSE = 351 total contracts			
	M/W/DSBE	MBE	WBE	DSBE	M/W/DSBE	MBE	WBE	DSBE	M/W/DSBE	MBE	WBE	DSBE
# M/W/DSBEs Participating in At Least One Contract	132	65	75	0	340	195	162	0	45	29	27	0
Highest # of Contracts a Single M/W/DSBE Participated in	26	26	15	0	23	19	23	0	6	6	0	0
# M/W/DSBEs Participating in Exactly 1 Contract	72	40	39	0	259	134	124	0	42	27	26	0
# M/W/DSBEs Participating in 2-5 Contracts	48	19	29	0	69	50	33	0	3	2	1	0
# M/W/DSBEs Participating in 6-10 Contracts	5	3	3	0	7	7	2	0	0	0	0	0
# M/W/DSBEs Participating in 11-20 Contracts	6	2	4	0	4	4	2	0	0	0	0	0
# M/W/DSBEs Participating in 21 or More Contracts	1	1	0	0	1	0	1	0	0	0	0	0

Source: OEO Annual Participation Report (FY 2011), Econsult Corporation (2012)

⁸² M/W/DSBE subtotals and totals may be less than the sum of MBE, WBE, and DSBE amounts, because participating firms can be considered more than one M/W/DSBE category, and because contracts can have multiple sub-contractors, including both one or more MBE and one or more WBE.

APPENDIX H: AVAILABILITY CHARTS

In a departure from previous years' methodology for calculating availability, in which two-digit NAICS codes were determined for each contract type and then information from the 2007 US Census Bureau Survey of Business Owners (SBO) was summed to determine availability by contract type, the approach for the FY 2011 Disparity Study weights the 2007 SBO data according to the distribution of FY 2011 spending by industry, per the FY 2011 Participation Report. In contrast, in years past, to give one example, availability for PW contracts was based on 2002 and 2007 SBO data for five two-digit NAICS codes, and information for each of those two-digit NAICS codes was weighted equally.

This year, availability for PW contracts is based on 2007 SBO data for all two-digit NAICS codes for which there was spending in FY 2011, and the 2007 SBO data are weighted by spending by industry. For example, if NAICS code 23 (Construction) represented 50 percent of PW spending, then its SBO results were weighted 50 percent when determining PW availability. Thus, the approach to estimating "A3" Availability is as follows:

1. Contracts were manually sorted into two-digit NAICS codes by OEO staff.
2. Spending, as reported in the FY 2011 Participation Report, was sorted by two-digit NAICS code; weights for each two-digit NAICS code for each contract type (and for all spending) could then be calculated by dividing by total amounts spent by contract type (and for all spending) (see Table H.1 and Table H.2).

Table H.1 – City Spending Amounts from FY 2011 Participation Report, Sorted by Two-Digit NAICS Code⁸³

NAICS	PW	PPS	SSE	All Contract Types
11	\$0	\$0	\$214,200	\$214,200
21	\$0	\$0	\$1,742,677	\$1,742,677
22	\$0	\$0	\$19,557,900	\$19,557,900
23	\$282,623,294	\$0	\$17,467,844	\$300,091,138
31	\$0	\$0	\$6,826,703	\$6,826,703
32	\$0	\$0	\$4,139,214	\$4,139,214
33	\$0	\$0	\$3,332,004	\$3,332,004
42	\$0	\$0	\$18,675,553	\$18,675,553
44	\$0	\$0	\$624,528	\$624,528

⁸³ Two-digit NAICS code descriptions are as follows:

- 11 Forestry, fishing & hunting, & agricultural support services (113-115)
- 21 Mining, quarrying, and oil and gas extraction
- 22 Utilities
- 23 Construction
- 31-33 Utilities
- 42 Wholesale trade
- 44-45 Retail trade
- 48-49 Transportation and warehousing
- 51 Information
- 52 Finance and insurance
- 53 Real estate & rental & leasing
- 54 Professional, scientific, and technical services
- 55 Management of companies & enterprises
- 56 Administrative and Support and Waste Management and Remediation Services
- 61 Educational services
- 62 Health care and social assistance
- 71 Arts, entertainment, & recreation
- 72 Accommodation and food services
- 81 Other services (except public administration)
- 99 Industries not classified

NAICS	PW	PPS	SSE	All Contract Types
48	\$0	\$0	\$2,773,340	\$2,773,340
49	\$0	\$0	\$28,157	\$28,157
51	\$0	\$0	\$458,108	\$458,108
52	\$0	\$30,870,524	\$0	\$30,870,524
53	\$0	\$130,000	\$1,693,696	\$1,823,696
54	\$0	\$269,977,052	\$0	\$268,961,142
56	\$0	\$760,500	\$40,289,791	\$41,050,291
62	\$0	\$60,207,573	\$1,500,000	\$61,707,573
72	\$0	\$1,675,360	\$0	\$1,675,360
81	\$0	\$0	\$3,114,162	\$3,114,162
92	\$0	\$1,500,000	\$0	\$1,500,000
99	\$0	\$0	\$30,001	\$30,001
Grand Total	\$282,623,294	\$365,121,009	\$122,467,878	\$770,212,181

Source: City of Philadelphia Office of Economic Opportunity (2012), Econsult Corporation (2012)

Table H.2 – City Spending Proportions from FY 2011 Participation Report, Sorted by Two-Digit NAICS Code (Excluded \$8M in MOPs and SOPs)

NAICS	PW	PPS	SSE	All Contract Types
11	0.0%	0.0%	0.2%	0.0%
21	0.0%	0.0%	1.4%	0.2%
22	0.0%	0.0%	16.0%	2.5%
23	100.0%	0.0%	14.3%	39.0%
31	0.0%	0.0%	5.6%	0.9%
32	0.0%	0.0%	3.4%	0.5%
33	0.0%	0.0%	2.7%	0.4%
42	0.0%	0.0%	15.2%	2.4%
44	0.0%	0.0%	0.5%	0.1%
48	0.0%	0.0%	2.3%	0.4%
49	0.0%	0.0%	0.0%	0.0%
51	0.0%	0.0%	0.4%	0.1%
52	0.0%	8.5%	0.0%	4.0%
53	0.0%	0.0%	1.4%	0.2%
54	0.0%	73.9%	0.0%	34.9%
56	0.0%	0.2%	32.9%	5.3%
62	0.0%	16.5%	1.2%	8.0%
72	0.0%	0.5%	0.0%	0.2%
81	0.0%	0.0%	2.5%	0.4%
92	0.0%	0.4%	0.0%	0.2%
99	0.0%	0.0%	0.0%	0.0%
Grand Total	100.0%	100.0%	100.0%	100.0%

Source: City of Philadelphia Office of Economic Opportunity (2012), Econsult Corporation (2012)

3. SBO data were obtained for all M/W/DSBE types and for all two-digit NAICS codes (see Table H.3 and Table H.4).⁸⁴

⁸⁴ The same tables were produced for all other approaches to estimating availability – all firms, revenues of firms, and revenues of firms with employees, but they are not shown here.

Table H.3 – Proportion of Firms with Employees in the City of Philadelphia by M/W/DSBE Category as a Percentage of All Firms, Sorted by Two-Digit NAICS Code

NAICS	American Indian and Alaska Native	Asian	Black or African American	Hispanic	Minority	Female-owned
0	0.1%	15.4%	6.6%	3.0%	24.7%	17.8%
1	0.0%	100.0%	0.0%	N/A	100.0%	N/A
22	N/A	N/A	N/A	N/A	N/A	N/A
23	0.0%	4.3%	10.2%	0.0%	17.2%	7.7%
31-33	0.0%	11.1%	1.5%	0.8%	13.5%	14.7%
42	0.0%	13.1%	3.5%	0.0%	16.7%	17.7%
44-45	0.0%	29.9%	3.2%	2.3%	34.0%	15.1%
48-49	0.0%	0.0%	3.0%	0.0%	13.3%	15.4%
51	0.0%	5.4%	0.5%	0.0%	5.9%	0.0%
52	0.0%	5.0%	5.3%	0.0%	11.5%	0.0%
53	0.0%	4.4%	0.0%	0.0%	15.3%	11.5%
54	0.1%	4.8%	5.0%	1.3%	11.2%	19.5%
55	0.0%	0.0%	0.0%	0.0%	0.0%	N/A
56	0.0%	0.0%	8.6%	3.3%	17.4%	26.2%
61	0.0%	5.3%	16.7%	0.0%	28.1%	28.8%
62	0.0%	0.0%	14.2%	0.0%	24.3%	26.6%
71	0.0%	0.0%	0.0%	0.0%	0.0%	12.7%
72	0.0%	25.1%	8.3%	6.9%	39.9%	12.7%
81	0.0%	26.2%	6.4%	0.0%	35.5%	29.1%
99	N/A	N/A	N/A	N/A	N/A	N/A
Grand Total	0.1%	14.9%	6.4%	2.4%	24.6%	17.6%

Source: US Census Bureau Survey of Business Owners (2007), Econsult Corporation (2012)

Table H.4 – Proportion of Firms with Employees in the Philadelphia MSA by M/W/DSBE Category as a Percentage of All Firms, Sorted by Two-Digit NAICS Code

NAICS	American Indian and Alaska Native	Asian	Black or African American	Hispanic	Minority	Female-owned
0	0.0%	7.7%	2.3%	1.1%	12.0%	16.0%
11	0.0%	12.5%	0.0%	0.0%	12.5%	50.0%
22	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
23	0.0%	0.4%	1.0%	0.1%	2.9%	8.5%
31-33	0.0%	2.7%	0.4%	0.3%	4.5%	9.2%
42	0.0%	4.7%	0.5%	0.0%	5.8%	11.6%
44-45	0.0%	15.6%	1.0%	0.9%	18.3%	15.2%
48-49	0.0%	0.3%	1.4%	0.7%	7.0%	11.4%
51	0.0%	2.5%	1.2%	0.0%	5.4%	9.0%
52	0.0%	0.7%	1.3%	0.0%	2.6%	8.4%
53	0.0%	0.9%	0.5%	0.0%	2.9%	9.9%
54	0.0%	5.5%	1.4%	0.6%	8.7%	18.1%
55	0.0%	0.0%	0.0%	0.0%	5.2%	10.7%
56	0.0%	1.2%	2.4%	1.3%	5.4%	17.4%
61	0.0%	0.8%	3.7%	0.0%	9.2%	29.2%
62	0.0%	1.0%	3.6%	0.0%	11.1%	21.2%
71	0.0%	0.1%	0.1%	0.9%	0.9%	8.2%
72	0.0%	15.5%	3.0%	2.0%	22.2%	11.5%
81	0.0%	10.7%	1.8%	0.2%	16.2%	17.4%
99	N/A	N/A	N/A	N/A	N/A	N/A
Grand Total	0.0%	6.8%	2.0%	0.8%	11.0%	15.1%

Source: US Census Bureau Survey of Business Owners (2007), Econsult Corporation (2012)

- These SBO results were then multiplied through by FY 2011 spending by contract type (and for all spending), as apportioned out to the two-digit NAICS code level, resulting in a weighted average number of available M/W/DSBE firms in any particular M/W/DSBE category for any particular contract type (or for all contract types). Dividing this weighted average result by the weighted average number of all firms in any particular M/W/DSBE category for any particular contract type (or for all contract types), yields the estimated availability for any particular M/W/DSBE category for any particular contract type (or for all contract types). This set of calculations was performed for all four types of availability – all firms, firms with employees, revenues, revenues of firms with employees – for the geography represented by the City of Philadelphia as well as the

Philadelphia MSA (see Table H.5, Table H.6, Table H.7, Table H.7, Table H.8, Table H.9, Table H.10, Table H.11, and Table H.12).

Table H.5 – FY 2011 Availability (“A1”) - # M/W/DSBE Firms in Philadelphia County, Divided by # All Firms in Philadelphia County

		PW	PPS	SSE	All Contract Types
White	Female	*	*	*	*
Native American	Male & Female	0.0%	0.8%	0.3%	0.4%
Asian American	Male & Female	5.9%	5.2%	4.6%	5.4%
African American	Male & Female	18.5%	20.0%	32.5%	21.5%
Hispanic	Male & Female	10.0%	2.2%	7.0%	5.9%
All MBE	Male & Female	33.2%	28.9%	45.5%	33.1%
Disabled	Male & Female	11.8%	32.2%	24.9%	23.6%
All M/W/DSBE	Male & Female	44.9%	61.2%	70.4%	56.7%

Source: US Census Bureau Survey of Business Owners (2007), Econsult Corporation (2012)

Note: “*” denotes data unavailable or insufficient.

Table H.6 – FY 2011 Availability (“A2”) - # M/W/DSBE Firms in Philadelphia County with >1 Employee, Divided by # All Firms in Philadelphia County with >1 Employee

		PW	PPS	SSE	All Contract Types
White	Female	*	*	*	*
Native American	Male & Female	0.0%	0.1%	0.0%	0.0%
Asian American	Male & Female	4.3%	4.1%	5.0%	4.3%
African American	Male & Female	10.2%	6.6%	5.4%	7.7%
Hispanic	Male & Female	0.0%	1.0%	1.2%	0.7%
All MBE	Male & Female	17.2%	13.5%	14.4%	15.0%
Disabled	Male & Female	7.7%	18.9%	15.8%	14.3%
All M/W/DSBE	Male & Female	24.9%	32.4%	30.2%	29.3%

Source: US Census Bureau Survey of Business Owners (2007), Econsult Corporation (2012)

Note: “*” denotes data unavailable or insufficient.

Table H.7 – FY 2011 Availability (“A3”) - # M/W/DSBE Firms in Philadelphia County by \$ Revenue, Divided by # All Firms in Philadelphia County by \$ Revenue

		PW	PPS	SSE	All Contract Types
White	Female	*	*	*	*
Native American	Male & Female	0.0%	0.1%	0.1%	0.0%
Asian American	Male & Female	1.5%	4.5%	1.9%	3.0%
African American	Male & Female	4.0%	3.7%	19.7%	6.3%
Hispanic	Male & Female	1.5%	0.3%	1.2%	0.9%
All MBE	Male & Female	6.9%	8.8%	25.1%	10.7%
Disabled	Male & Female	3.8%	12.8%	12.5%	9.4%
All M/W/DSBE	Male & Female	10.6%	21.6%	37.6%	20.1%

Source: US Census Bureau Survey of Business Owners (2007), Econsult Corporation (2012)

Note: “*” denotes data unavailable or insufficient.

Table H.8 – FY 2011 Availability (“A4”) - # M/W/DSBE Firms in Philadelphia County with >1 Employees by \$ Revenue, Divided by # All Firms in Philadelphia County with >1 Employees by \$ Revenue

		PW	PPS	SSE	All Contract Types
White	Female	*	*	*	*
Native American	Male & Female	0.0%	0.0%	0.0%	0.0%
Asian American	Male & Female	1.4%	3.8%	1.6%	2.6%
African American	Male & Female	3.3%	2.6%	2.7%	2.9%
Hispanic	Male & Female	0.0%	0.2%	0.6%	0.2%
All MBE	Male & Female	5.7%	7.7%	7.7%	7.0%
Disabled	Male & Female	3.7%	9.9%	11.9%	8.0%
All M/W/DSBE	Male & Female	9.4%	17.6%	19.6%	14.9%

Source: US Census Bureau Survey of Business Owners (2007), Econsult Corporation (2012)

Note: “*” denotes data unavailable or insufficient.

Table H.9 – FY 2011 Availability (“A5”) - # M/W/DSBE Firms in Philadelphia MSA, Divided by # All Firms in Philadelphia MSA

		PW	PPS	SSE	All Contract Types
White	Female	*	*	*	*
Native American	Male & Female	0.0%	0.2%	0.1%	0.1%
Asian American	Male & Female	1.7%	4.0%	2.0%	2.8%
African American	Male & Female	4.3%	7.4%	9.0%	6.5%
Hispanic	Male & Female	1.6%	1.0%	1.7%	1.3%
All MBE	Male & Female	9.0%	14.6%	14.5%	12.6%
Disabled	Male & Female	7.8%	31.4%	18.8%	20.8%
All M/W/DSBE	Male & Female	16.9%	46.1%	33.3%	33.3%

Source: US Census Bureau Survey of Business Owners (2007), Econsult Corporation (2012)

Note: “*” denotes data unavailable or insufficient.

Table H.10 – FY 2011 Availability (“A6”) - # M/W/DSBE Firms in Philadelphia MSA with >1 Employee, Divided by # All Firms in Philadelphia MSA with >1 Employee

		PW	PPS	SSE	All Contract Types
White	Female	*	*	*	*
Native American	Male & Female	0.0%	0.0%	0.0%	0.0%
Asian American	Male & Female	0.4%	4.3%	1.9%	2.5%
African American	Male & Female	1.0%	1.8%	1.2%	1.4%
Hispanic	Male & Female	0.1%	0.5%	0.5%	0.3%
All MBE	Male & Female	2.9%	8.6%	4.5%	5.9%
Disabled	Male & Female	8.5%	17.7%	11.1%	13.3%
All M/W/DSBE	Male & Female	11.4%	26.3%	15.6%	19.1%

Source: US Census Bureau Survey of Business Owners (2007), Econsult Corporation (2012)

Note: “*” denotes data unavailable or insufficient.

Table H.11 – FY 2011 Availability (“A7”) - # M/W/DSBE Firms in Philadelphia MSA by \$ Revenue, Divided by # All Firms in Philadelphia MSA by \$ Revenue

		PW	PPS	SSE	All Contract Types
White	Female	*	*	*	*
Native American	Male & Female	0.0%	0.0%	0.0%	0.0%
Asian American	Male & Female	0.2%	4.0%	1.0%	2.1%
African American	Male & Female	0.7%	1.6%	1.1%	1.2%
Hispanic	Male & Female	0.2%	0.4%	0.3%	0.3%
All MBE	Male & Female	1.6%	7.0%	3.0%	4.4%
Disabled	Male & Female	7.0%	13.2%	9.0%	10.3%
All M/W/DSBE	Male & Female	8.6%	20.2%	12.0%	14.6%

Source: US Census Bureau Survey of Business Owners (2007), Econsult Corporation (2012)

Note: “*” denotes data unavailable or insufficient.

Table H.12 – FY 2011 Availability (“A8”) - # M/W/DSBE Firms in Philadelphia MSA with >1 Employees by \$ Revenue, Divided by # All Firms in Philadelphia MSA with >1 Employees by \$ Revenue

		PW	PPS	SSE	All Contract Types
White	Female	*	*	*	*
Native American	Male & Female	0.0%	0.0%	0.0%	0.0%
Asian American	Male & Female	0.2%	4.0%	1.0%	2.1%
African American	Male & Female	0.7%	1.6%	1.1%	1.2%
Hispanic	Male & Female	0.0%	0.3%	0.2%	0.2%
All MBE	Male & Female	1.6%	7.0%	3.0%	4.4%
Disabled	Male & Female	7.0%	11.1%	8.4%	9.1%
All M/W/DSBE	Male & Female	8.5%	18.1%	11.4%	13.5%

Source: US Census Bureau Survey of Business Owners (2007), Econsult Corporation (2012)

Note: “*” denotes data unavailable or insufficient.

As noted previously, the source data from which availability is determined was the same for the FY 2011 Disparity Study as for the FY 2010 Disparity Study. What has changed is therefore not

availability at the individual product or service level, but the weighting of different industry categories based on FY 2011 spending versus FY 2010 spending:

- PW availability is down (from 14.9 percent in FY 2010 to 11.4 percent in FY 2011) due in part to the fact that 100 percent of City spending in FY 2011 was classified as NAICS code 23 (Construction) (down from 51 percent in FY 2010), and M/W/DSBE availability is estimated to be lower in that NAICS code than in total.
- SSE availability is down (from 23.3 percent in FY 2010 to 15.6 percent in FY 2011) due in part to the fact that 43 percent of City spending in FY 2011 was classified as NAICS code 21 (Mining), 22 (Utilities), 23 (Construction), 31 (Utilities), 32 (Utilities), or 33 (Utilities) (down from 5 percent in FY 2010), and M/W/DSBE availability is estimated to be lower in those NAICS codes than in total.

Looking across figures, we can see that 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 M/W/DSBEs are generally smaller in terms of staffing than majority firms, and that availability rates based on firm revenues are lower than those based on firm counts, which demonstrates that M/W/DSBEs generally have fewer revenues than majority firms. This is consistent with the findings from previous years.

In contrast, a narrow approach would recognize 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 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 OEO and Procurement Department data to determine the appropriate availability of M/W/DSBEs, we can consider only the number of firms in these universes.

- First, we provide an overview of the City's availability rate of M/W/DSBEs, using the OEO directory as the numerator and Procurement Department data as the denominator: we consider this approach "Availability (A9)" (see Table H.13).
- Second, we provide an overview of the City's availability rate of M/W/DSBEs, using Procurement Department data as both the numerator and the denominator: we consider this approach "Availability (A10)" (see Table H.14).

For both tables, "A9" and "A10," the Procurement Department's Vendor's file from Calendar Year 2011 was utilized for consistency in analysis. As utilization data are reflective of the FY

2011 (July 1, 2010 to June 30, 2011) period, and the Procurement Department's Vendor's file is reflective of the City's list as of January 2012, we believe this dataset provides a more reliable and accurate portrayal of both M/W/DSBE availability and the disparity derived from utilization rates. However, it must be noted that the Procurement Department dataset is imperfect because it consists predominantly of firms for PW and SSE contracts and does not have as comprehensive coverage of firms for PPS contracts.

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

- Availability rates are higher if the OEO directory is used as the numerator than if Procurement Department data are used:
- MBE availability of 23.2 percent across all contract categories if the OEO directory is used, versus 10.7 percent if Procurement Department data are used.
- WBE availability of 13.2 percent across all contract categories if the OEO directory is used, versus 6.3 percent if Procurement Department data are used.
- In other words, there are more MBE and WBE registered with OEO than there are self-identified minority-owned firms and women-owned firms with the Procurement Department.

Table H.13 – FY 2011 Availability (“A9”) – # M/W/DSBE Firms in the OEO Directory Divided By # All Firms on the City of Philadelphia Procurement Department Vendor List, by Contract Type and by M/W/DSBE Category⁸⁵

		M/W/DSBE	M/W/DSBE %
		All Contract Types	All Contract Types
Native American	Male	2	0.0%
Asian American	Male	72	1.2%
African American	Male	374	6.5%
Hispanic	Male	75	1.3%
Native American	Female	1	0.0%
Asian American	Female	26	0.4%
African American	Female	175	3.0%
Hispanic	Female	21	0.4%
White	Female	471	8.1%
Native American	M&F	3	0.1%
Asian American	M&F	98	1.7%
African American	M&F	549	9.5%
Hispanic	M&F	96	1.7%
All MBE	M&F	1,217	21.1%
All	Female	694	12.0%
Disabled	M&F	10	0.2%
All M/W/DSBE	M&F	1,959	33.9%
All Firms	M&F	5,781	

Source: City of Philadelphia Office of Economic Opportunity (2012), City of Philadelphia Procurement Department (2012), Econsult Corporation (2012)

⁸⁵ 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.

Table H.14 – FY 2011 Availability (“A10”) – # M/W/DSBE Firms on the City of Philadelphia Procurement Department Vendor List Divided By # All Firms on the City of Philadelphia Procurement Department Vendor List, by Contract Type and by M/W/DSBE Category

		M/W/DSBE	M/W/DSBE %
		All Contract Types	All Contract Types
Native American	Male	*	*
Asian American	Male	*	*
African American	Male	*	*
Hispanic	Male	*	*
Native American	Female	*	*
Asian American	Female	*	*
African American	Female	*	*
Hispanic	Female	*	*
White	Female	*	*
Native American	M&F	*	*
Asian American	M&F	*	*
African American	M&F	*	*
Hispanic	M&F	*	*
All MBE	M&F	562	9.7%
All	Female	328	5.7%
Disabled	M&F	10	0.2%
All M/W/DSBE	M&F	686	11.9%
All Firms	M&F	5,781	

Source: City of Philadelphia Procurement Department (2012), Econsult Corporation (2012)

Note: “*” denotes data unavailable or insufficient.

APPENDIX I: 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 ten 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 “U1” with “A1,” “A2,” “A3,” and “A4,” because they consider the City of Philadelphia as the unit of geography (see Table I.1, Table I.2, Table I.3, and Table I.4).

Table I.1 – FY 2011 Disparity Ratio (“D1”) = Utilization (“U1”) Divided by Availability (“A1”), by Contract Type and by M/W/DSBE Category (M/W/DBSE located within the City of Philadelphia)

Ethnicity	Gender	PW	PPS	SSE	All Contract Types (FY 2011)
White	Female	*	*	*	*
Native American	Male & Female	*	0.00	0.00	0.00
Asian American	Male & Female	0.00	0.02	0.00	0.01
African American	Male & Female	0.03	0.49	0.00	0.23
Hispanic	Male & Female	0.06	0.45	0.04	0.13
All MBE	Male & Female	0.03	0.38	0.01	0.17
All Disabled	Female	0.09	0.12	0.19	0.13
	Male & Female	*	*	*	*
All M/W/DSBE	Male & Female	0.05	0.20	0.07	0.13

Source: City of Philadelphia Office of Economic Opportunity (2012), US Census Bureau Survey of Business Owners (2007), Econsult (2012)

Note: “*” denotes data unavailable or insufficient.

Table I.2 – FY 2011 Disparity Ratio (“D2”) = Utilization (“U1”) Divided by Availability (“A2”), by Contract Type and by M/W/DSBE Category (M/W/DBSE located within the City of Philadelphia)

Ethnicity	Gender	PW	PPS	SSE	All Contract Types (FY 2011)
White	Female	*	*	*	*
Native American	Male & Female	*	0.00	*	0.00
Asian American	Male & Female	0.00	0.02	0.00	0.01
African American	Male & Female	0.05	1.49	0.01	0.63
Hispanic	Male & Female	*	1.03	0.22	1.16
All MBE	Male & Female	0.07	0.81	0.03	0.38
All Disabled	Male & Female	*	*	*	*
All M/W/DSBE	Male & Female	0.09	0.37	0.17	0.25

Source: City of Philadelphia Office of Economic Opportunity (2012), US Census Bureau Survey of Business Owners (2007), Econsult (2012)

Note: “*” denotes data unavailable or insufficient.

Table I.3 – FY 2011 Disparity Ratio (“D3”) = Utilization (“U1”) Divided by Availability (“A3”), by Contract Type and by M/W/DSBE Category (M/W/DBSE located within the City of Philadelphia)

Ethnicity	Gender	PW	PPS	SSE	All Contract Types (FY 2011)
White	Female	*	*	*	*
Native American	Male & Female	*	0.00	0.00	0.00
Asian American	Male & Female	0.01	0.02	0.00	0.02
African American	Male & Female	0.13	2.65	0.00	0.76
Hispanic	Male & Female	0.39	3.50	0.22	0.84
All MBE	Male & Female	0.17	1.23	0.02	0.53
All Disabled	Male & Female	*	*	*	*
All M/W/DSBE	Male & Female	0.20	0.55	0.14	0.36

Source: City of Philadelphia Office of Economic Opportunity (2012), US Census Bureau Survey of Business Owners (2007), Econsult (2012)

Note: “*” denotes data unavailable or insufficient.

Table I.4 – FY 2011 Disparity Ratio (“D4”) = Utilization (“U1”) Divided by Availability (“A4”), by Contract Type and by M/W/DSBE Category (M/W/DBSE located within the City of Philadelphia)

Ethnicity	Gender	PW	PPS	SSE	All Contract Types (FY 2011)
White	Female	*	*	*	*
Native American	Male & Female	*	*	*	*
Asian American	Male & Female	0.01	0.02	0.00	0.02
African American	Male & Female	0.16	3.83	0.02	1.69
Hispanic	Male & Female	*	5.27	0.46	4.16
All MBE	Male & Female	0.20	1.41	0.06	0.81
All Disabled	Male & Female	*	*	*	*
All M/W/DSBE	Male & Female	0.23	0.68	0.26	0.49

Source: City of Philadelphia Office of Economic Opportunity (2012), US Census Bureau Survey of Business Owners (2007), Econsult (2012)

Note: “*” denotes data unavailable or insufficient.

Second, we match “U2” with “A5,” “A6,” “A7,” and “A8,” because they consider the Philadelphia MSA as the unit of Geography (see Table I.5, Table I.6, Table I.7, and Table I.8). Note that disparity ratios are larger for “D7” and “D8” (which are based on “A7” and “A8”, which are based in revenues) than for “D5” and “D6” (which are based on “A5” and “A6,” which are based on counts). This reflects the fact that, by and large, M/W/DSBE firms are smaller than non-M/W/DSBE firms (and hence M/W/DSBE availability based on firm revenues is lower than availability based on firm counts).

Table I.5 – FY 2011 Disparity Ratio (“D5”) = Utilization (“U2”) Divided by Availability (“A5”), by Contract Type and by M/W/DSBE Category (M/W/DBSE located within the Philadelphia MSA)

Ethnicity	Gender	PW	PPS	SSE	All Contract Types (FY 2011)
White	Female	*	*	*	*
Native American	Male & Female	*	0.00	0.00	0.00
Asian American	Male & Female	0.00	0.47	0.01	0.36
African American	Male & Female	0.64	1.46	0.02	0.95
Hispanic	Male & Female	1.82	1.20	0.15	1.26
All MBE	Male & Female	0.66	0.96	0.04	0.71
All Disabled	Male & Female	0.98	0.16	0.26	0.29
All M/W/DSBE	Male & Female	*	*	*	*
		0.79	0.35	0.16	0.40

Source: City of Philadelphia Office of Economic Opportunity (2012), US Census Bureau Survey of Business Owners (2007), Econsult (2012)

Note: “*” denotes data unavailable or insufficient.

Table I.6 – FY 2011 Disparity Ratio (“D6”) = Utilization (“U2”) Divided by Availability (“A6”), by Contract Type and by M/W/DSBE Category (M/W/DBSE located within the Philadelphia MSA)

Ethnicity	Gender	PW	PPS	SSE	All Contract Types (FY 2011)
White	Female	*	*	*	*
Native American	Male & Female	*	0.00	0.00	0.00
Asian American	Male & Female	0.00	0.43	0.01	0.40
African American	Male & Female	2.83	6.15	0.12	4.48
Hispanic	Male & Female	41.64	2.45	0.55	5.07
All MBE	Male & Female	2.07	1.63	0.13	1.53
All Disabled	Male & Female	0.90	0.28	0.44	0.45
All M/W/DSBE	Male & Female	*	*	*	*
		1.16	0.61	0.34	0.70

Source: City of Philadelphia Office of Economic Opportunity (2012), US Census Bureau Survey of Business Owners (2007), Econsult (2012)

Note: “*” denotes data unavailable or insufficient.

Table I.7 – FY 2011 Disparity Ratio (“D7”) = Utilization (“U2”) Divided by Availability (“A7”), by Contract Type and by M/W/DSBE Category (M/W/DBSE located within the Philadelphia MSA)

Ethnicity	Gender	PW	PPS	SSE	All Contract Types (FY 2011)
White	Female	*	*	*	*
Native American	Male & Female	*	0.00	0.00	0.00
Asian American	Male & Female	0.00	0.47	0.02	0.48
African American	Male & Female	3.95	6.91	0.13	5.26
Hispanic	Male & Female	16.78	2.82	0.80	5.34
All MBE	Male & Female	3.82	2.01	0.20	2.05
All Disabled	Male & Female	1.10	0.37	0.54	0.59
All M/W/DSBE	Male & Female	1.54	0.79	0.44	0.92

Source: City of Philadelphia Office of Economic Opportunity (2012), US Census Bureau Survey of Business Owners (2007), Econsult (2012)

Note: “*” denotes data unavailable or insufficient.

Table I.8 – FY 2011 Disparity Ratio (“D8”) = Utilization (“U2”) Divided by Availability (“A8”), by Contract Type and by M/W/DSBE Category (M/W/DBSE located within the Philadelphia MSA)

Ethnicity	Gender	PW	PPS	SSE	All Contract Types (FY 2011)
White	Female	*	*	*	*
Native American	Male & Female	*	0.00	0.00	0.00
Asian American	Male & Female	0.00	0.47	0.02	0.48
African American	Male & Female	3.95	6.91	0.13	5.26
Hispanic	Male & Female	193.37	3.52	1.20	8.41
All MBE	Male & Female	3.82	2.01	0.20	2.05
All Disabled	Male & Female	1.10	0.45	0.58	0.66
All M/W/DSBE	Male & Female	1.55	0.89	0.47	0.99

Source: City of Philadelphia Office of Economic Opportunity (2012), US Census Bureau Survey of Business Owners (2007), Econsult (2012)

Note: “*” denotes data unavailable or insufficient.

Table I.9 provides an overview of the City’s disparity ratios, using the OEO directory as the numerator and Procurement Department Data as the denominator (“D9”). Table I.10 provides an overview of the City’s disparity ratios, using Procurement Department data as both the numerator and the denominator (“D10”).

Table I.9 – FY 2011 Disparity (“D9”) – Availability Rate Based on # M/W/DSBEs on the OEO Directory Divided by # All Firms on the City of Philadelphia Procurement Department Vendor List

Category Ethnicity	Gender	All City Contracts		
		City	MSA	All
Native American	Male	*	*	*
Asian American	Male	*	*	*
African American	Male	*	*	*
Hispanic	Male	*	*	*
Native American	Female	*	*	*
Asian American	Female	*	*	*
African American	Female	*	*	*
Hispanic	Female	*	*	*
White	Female	0.2	0.5	1.0
Native American	M&F	0.0	0.0	4.6
Asian American	M&F	0.0	0.6	1.6
African American	M&F	0.5	0.7	1.1
Hispanic	M&F	0.5	1.0	1.3
All MBE	M&F	0.3	0.4	0.7
Disabled	M&F	*	*	*
All	Female	0.3	0.5	0.9
All M/W/DSBE	M&F	0.2	0.4	0.7

Source: Econsult Corporation (2011); Utilization = OEO Annual Participation Report (FY 2010); Availability = US Census Bureau Survey of Business Owners (2002 and 2007)

Note: “*” denotes data unavailable or insufficient.

Table I.10 – FY 2011 Disparity (“D10”) – Availability Based on # M/W/DSBEs on the City of Philadelphia Procurement Department Vendor List Divided by # All Firms on the City of Philadelphia Procurement Department Vendor List

Category	Gender	All City Contracts		
		City	MSA	All
Native American	Male	*	*	*
Asian American	Male	*	*	*
African American	Male	*	*	*
Hispanic	Male	*	*	*
Native American	Female	*	*	*
Asian American	Female	*	*	*
African American	Female	*	*	*
Hispanic	Female	*	*	*
White	Female	*	*	*
Native American	M&F	*	*	*
Asian American	M&F	*	*	*
African American	M&F	*	*	*
Hispanic	M&F	*	*	*
All MBE	M&F	0.6	0.9	1.6
Disabled	M&F	*	*	*
All	Female	0.5	1.1	1.9
All M/W/DSBE	M&F	0.6	1.1	2.0

Source: Econsult Corporation (2012); Utilization = OEO Annual Participation Report (FY 2011); Availability = US Census Bureau Survey of Business Owners (2007), US Small Business Administration - Philadelphia District Office (2012)

Note: “*” denotes data unavailable or insufficient.

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

- Disparity ratios are lower if the OEO directory is used as the numerator of the availability rate than if Procurement Department data are used as the numerator of the availability rate. This is because availability rates are higher using the OEO directory as the numerator, as described previously.

- The disparity ratio for MBEs and WBEs in the Philadelphia MSA is 0.7 for MBEs and 0.9 for WBEs, if the OEO directory is used as the numerator of the availability rate.
- The disparity ratio for MBEs and WBEs in the Philadelphia MSA 1.6 for MBEs and 1.9 for WBEs, if the Procurement Department data are used as the numerator of the availability rate.

Finally, we can express our main form of disparity ratio (“D6”), with our main form of utilization rate (“U2”) and availability rate (“A6”), for each M/W/DSBE category (see Tables I.11 to I.19).

Table I.11– FY 2011 Utilization (“U2”), Availability (“A6”), and Disparity (“D6”) for OEO-Registered White Females

	FY 11 PW	FY 11 PPS	FY 11 SSE	FY 11 All Contract Types
U2	7.3%	1.9%	4.7%	4.4%
A6	*	*	*	*
D6	*	*	*	*

Source: Econsult Corporation (2012); Utilization = OEO Annual Participation Report (FY 2011); Availability = US Census Bureau Survey of Business Owners (2007)

Note: “*” denotes data unavailable or insufficient.

Table I.12 – FY 2011 Utilization (“U2”), Availability (“A6”), and Disparity (“D6”) for OEO-Registered Native Americans

	FY 11 PW	FY 11 PPS	FY 11 SSE	FY 11 All Contract Types
U2	0.0%	1.2%	0.3%	1.7%
A6	0.2%	0.0%	0.1%	0.1%
D6	0.00	0.00	0.00	0.00

Source: Econsult Corporation (2012); Utilization = OEO Annual Participation Report (FY 2011); Availability = US Census Bureau Survey of Business Owners (2007)

Table I.13 – FY 2011 Utilization (“U2”), Availability (“A6”), and Disparity (“D6”) for OEO-Registered Asian Americans

	FY 11 PW	FY 11 PPS	FY 11 SSE	FY 11 All Contract Types
U2	0.0%	1.9%	0.0%	1.0%
A6	1.0%	5.0%	1.7%	2.7%
D6	0.02	0.37	0.01	0.38

Source: Econsult Corporation (2012); Utilization = OEO Annual Participation Report (FY 2011); Availability = US Census Bureau Survey of Business Owners (2007)

Table I.14 – FY 2011 Utilization (“U2”), Availability (“A6”), and Disparity (“D6”) for OEO-Registered African Americans

	FY 11 PW	FY 11 PPS	FY 11 SSE	FY 11 All Contract Types
U2	2.8%	10.8%	0.1%	6.2%
A6	1.2%	2.1%	2.5%	2.0%
D6	2.29	5.05	0.06	3.17

Source: Econsult Corporation (2012); Utilization = OEO Annual Participation Report (FY 2011); Availability = US Census Bureau Survey of Business Owners (2007)

Table I.15 – FY 2011 Utilization (“U2”), Availability (“A6”), and Disparity (“D6”) for OEO-Registered Hispanics

	FY 11 PW	FY 11 PPS	FY 11 SSE	FY 11 All Contract Types
U2	2.9%	1.2%	0.3%	1.7%
A6	1.6%	0.9%	1.2%	1.2%
D6	1.80	1.25	0.22	1.34

Source: Econsult Corporation (2012); Utilization = OEO Annual Participation Report (FY 2011); Availability = US Census Bureau Survey of Business Owners (2007)

Table I.16 – FY 2011 Utilization (“U2”), Availability (“A6”), and Disparity (“D6”) for Native Americans

	FY 11 PW	FY 11 PPS	FY 11 SSE	FY 11 All Contract Types
U2	0.0%	0.0%	0.0%	0.0%
A6	*	*	*	*
D6	*	*	*	*

Source: Econsult Corporation (2012); Utilization = OEO Annual Participation Report (FY 2011); Availability = US Census Bureau Survey of Business Owners (2007)

Note: “*” denotes data unavailable or insufficient.

Table I.17 – FY 2011 Utilization (“U2”), Availability (“A6”), and Disparity (“D6”) for All OEO-Registered MBEs

	FY 11 PW	FY 11 PPS	FY 11 SSE	FY 11 All Contract Types
U2	6.0%	14.1%	0.6%	9.0%
A6	4.0%	8.1%	5.6%	6.0%
D6	1.49	1.73	0.11	1.50

Source: Econsult Corporation (2012); Utilization = OEO Annual Participation Report (FY 2011); Availability = US Census Bureau Survey of Business Owners (2007)

Table I.18 – FY 2011 Utilization (“U2”), Availability (“A6”), and Disparity (“D6”) for All OEO-Registered WBEs

	FY 11 PW	FY 11 PPS	FY 11 SSE	FY 11 All Contract Types
U2	7.7%	4.9%	4.9%	6.0%
A6	9.1%	16.9%	16.0%	14.0%
D6	0.84	0.29	0.31	0.43

Source: Econsult Corporation (2012); Utilization = OEO Annual Participation Report (FY 2011); Availability = US Census Bureau Survey of Business Owners (2007)

Table I.19 – FY 2011 Utilization (“U2”), Availability (“A6”), and Disparity (“D6”) for All OEO-Registered M/W/DSBEs

	FY 11 PW	FY 11 PPS	FY 11 SSE	FY 11 All Contract Types
U2	13.3%	16.0%	5.3%	13.4%
A6	13.2%	25.0%	21.6%	20.0%
D6	1.01	0.64	0.25	0.67

Source: Econsult Corporation (2012); Utilization = OEO Annual Participation Report (FY 2011); Availability = US Census Bureau Survey of Business Owners (2007)

APPENDIX J: ILLUSTRATIVE LIST OF CONTRACT CATEGORIES FOR WHICH THERE ARE FEW OR NO M/W/DSBES AVAILABLE

CONTRACT #	DESCRIPTION	NAICS	AMOUNT
PPS CONTRACTS			
Office of Innovation and Technology			
0920502-05	Software Development Consulting, Parcel Viewer & Stormwater Rates Admn. Mgmt. Sys.	54	\$687,695
Department of Human Services			
0920144-12	Placement Services - Treatment Foster Care	62	\$4,769,180
0920238-07	Reintegration Services	62	\$1,022,250
0920230-03	Institutional Care Dependent Care	62	\$492,525
1120291-01	Placement Services - Treatment Foster Care	62	\$417,049
1020412-03	Reintegration Services	62	\$387,300
Department of Human Services – Court Appointed Contractors			
0920184-08	Institutional Care Dependent Care	62	\$8,960,911
0920150-06	Community Based Detention Shelters	62	\$5,658,994
0920203-05	Placement Services - Treatment Foster Care	62	\$5,620,069
0920254-05	Community Based Detention Shelters	62	\$2,904,873
0920202-06	Placement Services - Treatment Foster Care	62	\$8,054,777
0920149-05	Community Based Detention Shelters Long Term Care	62	\$80,059
0920179-10	Institutional Care Dependent Care Dependents	62	\$14,422,309
0920182-11	Institutional Care Dependent Care Dependents	62	\$266,346
0920236-05	Reintegration Services	62	\$504,625
0920237-04	Reintegration Services	62	\$558,645
Managing Director's Office			
1120378-01	PPL EnergyPlus, LLC	22	\$34,417,490
Police			
1120128-01	Quantitative Analysis of Drug and Alcohol in the Blood & Urine	54	\$710,000

CONTRACT #	DESCRIPTION	NAICS	AMOUNT
Prisons			
1020144-02	Inmate Housing	54	\$1,750,000
Water Department			
0520188-09	Streamflow Maintenance	54	\$257,685
SSE CONTRACTS			
Fleet Management			
120100	Trailer, Refuse, Rear Loading	33	\$824,444
120163	Van, Various Configurations	33	\$269,244
120102	Horse Trailer - 2 Horse Bumper Hitch	33	\$30,001
Water Department			
120076	Integrated Predictive Maintenance Service	99	\$53,912
TOTAL = \$93,120,383			

Source: City of Philadelphia Office of Economic Opportunity (2012), Econsult Corporation (2012)