CITY OF PHILADELPHIA
FISCAL YEAR 2010
ANNUAL DISPARITY STUDY

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EXECUTIVE SUMMARY

Study Background

Econsult Corporation and Milligan & Company are pleased to submit the annual **Disparity Study for Fiscal Year (FY) 2010** to the City of Philadelphia. Pursuant to Title 17 of the Philadelphia Code, as amended by Ordinance 060855-A, this study is designed to analyze the City'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 $592 million, or about one-sixth of the City's annual operating budget, were directly analyzed in this Disparity Study, representing bid and non-competitively bid contracts, and including $8 million in federally funded PPS contracts over which the City had significant goal-setting influence. This does not include $181 million in federally funded PW contracts over which the City did not have significant goal-setting influence, for which M/W/DSBE utilization was 16.8 percent. This also does not include $184 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 33.2 percent. The expenditures evaluated in this report therefore represent **what is under executive control from a procurement standpoint**.

Results

1. **M/W/DSBE Utilization Up – M/W/DSBE utilization increased by three percentage points, from 17.6 percent in FY 2009 to 20.8 percent in FY 2010,** or $ 123 million of the $592 million in contracts (see Table ES.1). Overall participation increased in PW contracts and

SSE contracts, and decreased in PPS contracts.[1] Overall participation increased for firms owned by African-Americans and white females, and decreased for firms owned by Native Americans, Asian Americans, and Hispanics.

Table ES.1 – FY 2010 Utilization of M/W/DSBEs in City Contracts, by M/W/DSBE Category

M/W/DSBE Category	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
White Female	7.0%	6.2%	4.6%	5.9%	4.1%	5.3%	1.9%	4.5%
Native American	1.4%	0.0%	0.0%	0.3%	1.7%	0.0%	0.0%	0.5%
Asian American	3.1%	1.9%	0.4%	1.7%	1.9%	2.1%	0.1%	1.8%
African American	7.3%	6.2%	25.1%	11.8%	1.7%	12.8%	4.3%	8.6%
Hispanic	2.3%	0.6%	0.3%	0.9%	2.5%	2.4%	0.3%	2.1%
All MBE	14.6%	9.0%	25.8%	14.9%	7.9%	17.6%	4.9%	13.1%
All WBE	10.9%	8.3%	8.6%	8.9%	7.8%	9.5%	4.3%	8.2%
All DSBE	0.3%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
All M/W/DSBE	21.9%	15.2%	30.4%	20.8%	12.1%	22.9%	6.9%	17.6%

2. **Greater Use of M/W/DSBEs Outside the Region –** There were **significant increases in the participation of M/W/DSBEs located outside the Philadelphia region**. The percentage of contract dollars going to M/W/DSBEs located outside the region increased from 3.4 percent in FY 2009 to 8.4 percent in FY 2010 for all contract types, and from 1.8 percent to 13.0 percent for SSE contracts (see Table ES.2). It is likely that many of these M/W/DSBEs utilized local labor, so this outcome is still positive for the City.

[1] The significant increase in M/W/DSBE utilization in SSE contracts, from 6.9 percent to 30.4 percent (firms owned by African-Americans increased their participation from 4.3 percent to 25.1 percent for SSE contracts) results in part from the decision by the City to reclassify some high-participation contracts in FY 2010 from PW or PPS to SSE, and in part from the inclusion of some high-participation SSE contracts that were awarded in FY 2010 (similar spending took place in past years but in the form of amendments to existing contracts, and therefore was not included in those years' results).

Table ES.2 – FY 2010 Utilization of M/W/DSBEs, by Location of M/W/DSBE

M/W//DSBE Location	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
M/W/DSBEs in the City	4.1%	4.3%	16.8%	7.8%	2.5%	13.8%	3.2%	9.2%
In Metro But Outside City	13.3%	3.5%	0.5%	4.6%	6.8%	5.0%	1.9%	5.0%
M/W/DSBEs in the Metro	17.4%	7.8%	17.4%	12.4%	9.3%	18.8%	5.1%	14.2%
In US But Outside Metro	4.5%	7.4%	13.0%	8.4%	2.8%	4.1%	1.8%	3.4%
M/W/DSBEs in the US	21.9%	15.2%	30.4%	20.8%	12.1%	22.9%	6.9%	17.6%
Non-M/W/DSBEs	78.1%	84.8%	69.6%	79.2%	87.9%	77.1%	93.1%	82.4%

3. **M/W/DSBEs Primed More Contracts But for Smaller Dollar Amounts** – M/W/DSBEs primed 12.9 percent of City contracts in FY 2010 (up from 9.9 percent in FY 2009), representing 5.8 percent of City contracts by dollar amount (down from 6.6 percent in FY 2009). M/W/DSBE prime contractors primed smaller contracts, with an average contract size of $240,000 in FY 2010, versus $380,000 in FY 2009 (while the average size of contracts primed by non-M/W/DSBE held steady at $600,000) (see Table ES.3).

Table ES.3 – FY 2010 Utilization of M/W/DSBEs as Prime Contractor (by # and $ of Contracts)

	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
% Primed by M/W/DSBE								
By #	3.3%	17.5%	4.4%	12.9%	4.3%	15.4%	3.5%	9.9%
By $	0.4%	6.1%	8.9%	5.8%	1.8%	9.7%	2.5%	6.6%
Average Contract Size ($M)								
M/W/DSBE Primes	$0.20	$0.15	$1.10	$0.24	$0.60	$0.40	$0.17	$0.38
Non-M/W/DSBE Primes	$2.03	$0.48	$0.52	$0.60	$1.48	$0.68	$0.24	$0.60

4. **M/W/DSBE Availability Down – M/W/DSBEs represent 22.5 percent of firms with employees within the Philadelphia region, down from 24.6 percent in FY 2009** (see Table ES.4). The FY 2010 calculations utilize newly available 2007 US Census Bureau Survey of Business Owners data, and also employ a weighted average approach that considers FY 2010 spending proportions by industry when estimating M/W/DSBE availability.

Table ES.4 – FY 2010 Availability of Minority- and Women-Owned Firms among Firms with Employees within the Philadelphia Region (Weighted Average Approach)

Category	PW	PPS	SSE	All Contract Types	All Contract Types (FY 09)
MBE	4.1%	7.3%	8.5%	7.5%	9.0%
WBE	10.8%	16.3%	14.8%	15.0%	15.5%
All M/W/DSBE	14.9%	23.6%	23.3%	22.5%	24.6%

Recommendations

These FY 2010 results indicate **a reversal of the general decline in participation levels over the past four years** and are the basis for recommended Participation Goals of at least 25 percent for all M/W/DSBEs (see Table ES.5).

Table ES.5 – Actual and Recommended M/W/DSBE Utilization

	Actual[2]					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%	22%	23%	24%	25%
MBE	17.7%	15.7%	14.8%	14.1%	14.9%	15%	15%	15%	15%
WBE	9.9%	10.8%	7.6%	8.6%	8.9%	9%	11%	13%	15%
PW	19.6%	16.5%	15.1%	12.1%	21.9%	22%	22%	22%	22%
PPS	25.8%	27.5%	22.7%	22.9%	15.2%	18%	20%	22%	24%
SSE	22.2%	17.1%	18.6%	12.8%	30.4%	30%	30%	30%	30%

Based on the findings of the FY 2010 Disparity Study, the Econsult team offers the following recommendations for improving and strengthening the City's M/W/DSBE participation efforts (see Table ES.6). The study recommendations fall within the following categories: Study Methodology and Scope, Policy and Programming, Data Collection, and Management of Goal-Setting Process. By focusing on these categories, the study recommendations look to support the City's effort to create **an inclusive economic environment that ensures the fullest participation by all businesses**.

[2] 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.

Table ES.6 – FY 2010 Annual Disparity Study Recommendations

Recommendation Category	Category Description	Specific Recommendations
Study Methodology and Scope	Improvement of the study process and areas of focus used to design the study parameters	• Place increased emphasis on the availability side of the disparity discussion • Participate in a joint multi-year, multi-agency disparity study • Incorporate primary and secondary research efforts to obtain more current economic impact data
Policy and Programming	Legislation, advocacy and technical assistance efforts that promote M/W/DSBE participation	• Implement a business attraction program to increase the economic benefit of the participation of M/W/DSBEs located outside of the city • Promote business partnering efforts to increase M/W/DSBE availability and utilization • Continue to grow the value of being a city registered M/W/DSBE • Improve communication to better reflect OEO's strategic shifts • Capitalize on Commerce Department programs to assist M/W/DSBEs in growing their businesses outside of the Philadelphia region • Develop a strategy for M/W/DSBE prime participation • Strengthen the enforcement of the "Commercially Useful Function " to ensure that "front" companies are prohibited from participating in City contracts as M/W/DSBEs
Data Collection	Information sources utilized to calculate utilization and availability	• Leverage the benefits of an integrated reporting system • Incorporate data on "certifiables" • Collect information on successful programming in other jurisdictions
Management of Goal Achievement Process	Assessment of the development, communication and implementation of annual department goals	• Pursue process automation

1.0 Introduction

Econsult Corporation and Milligan & Company are pleased to submit the **Annual Disparity Study for Fiscal Year (FY) 2010** to the City of Philadelphia. The first section of the study includes a brief discussion of the purpose and 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 brief summary of the previous Disparity Studies conducted, and a report overview.

1.1. 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,[3] 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.[4]

[3] "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.

[4] 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.

1.2 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.

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".

1.3 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.*[5]

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,[6] 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.

[5] *Richmond v. J.A. Croson Company (1989).*

[6] "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.

1.4 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 further integrated its administrative and advocacy roles with other programmatic efforts within Commerce 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 are controlled at the individual department level**.** These three subdivisions are the contract types that are further examined in this Annual Disparity Study.[7]

[7] 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. Anticipated information technology projects in 2011 by OEO and Procurement are intended to improve 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

1.5 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 2010 operating expenditures for the City were $3.65 billion.[8] However, only $775 million, or about one fifth, were directly analyzed in this Annual Disparity Study. That $775 million represents 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, 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.[9]

The allocation of funds received through the American Recovery and Reinvestment Act of 2009 are included in the FY 2010 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, and so 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 such influence. In fact, in FY 2010, federal funds represented 73 PPS and PW contracts and $189 million in spending (see Table 1.1). However, out of the federally funded contracts, the core analysis presented in the Disparity Study includes only the 18 PPS contracts, totaling $8 million, because the City exercises significant goal-setting

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:

- 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.

[8] 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.

[9] 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 contract 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.

influence over them. The 55 PW contracts, totaling $181 million, are excluded from the core analysis since the City does not exercise significant goal-setting influence over them.

Table 1.1 – FY 2010 MBE/WBE Utilization for Federal Funds Received from the American Recovery and Reinvestment Act of 2009 (In $M)[10]

Contract Type	Number of Contracts	All $ Contracts	% M/W/DSBE	Included in Core Disparity Study Analysis?
PW	55	$181.1M	16.8%	No
PPS	18	$7.7M	39.7%	Yes
SSE	0	$0	N/A	N/A
All Contract Types	73	$188.7M	17.8%	

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

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, which represent additional opportunities for M/W/DSBE participation but which 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 $183.5 million in contracts in FY 2010, for which there was M/W/DSBE participation of 33.2 percent (see Table 1.2).

[10] Although the federal funds represent 73 contracts totaling $189 million, the core analysis excludes the 55 PW contracts, totaling $181 million, because the City does not exercise significant goal-setting influence over these contracts, whereas the core analysis includes the 18 PPS contracts, totaling $8 million, because the City does exercise significant goal-setting influence over these contracts.

Table 1.2 – FY 2010 MBE/WBE Utilization for Selected Quasi-Governmental Agencies and Functions

Entity	Time Period	FY 2010			FY 2009		
		All $ Contracts	MBE%	WBE%	All $ Contracts	MBE%	WBE%
PHDC	7/1-6/30	$24.3M	36.1%	6.7%	$22.3M	25.3%	4.1%
PIDC	7/1-6/30	$40.2M	20.6%	13.1%	$24.5M	12.5%	9.4%
RDA	7/1-6/30	$119.0M	25.0%	6.0%	$124.8M	26.2%	5.6%
Total		$183.5M	33.2%		$171.6M	30.1%	

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

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. Other City agencies and public entities, most notably the Department of Health and Opportunity, within which lies the Department of Human Services, contract work out to non-profit prime contractors, who then enlist the services of for-profit and non-profit subcontractors. As this study only considers for-profit prime contractors and their sub-contractors, procurement opportunities such as those described above are also excluded from direct analysis.[11]

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**.[12] 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.

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

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

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.[13]

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 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.[14]

1.6 Summary of Previous Studies

As noted earlier, DJ Miller & Associates (DJMA) conducted a Disparity Study for the City in which it analyzed data from 1998 to 2003; while Econsult has conducted the last five Annual Disparity Studies, looking at FY 2006, FY 2007, FY 2008, FY 2009, and FY 2010 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.[15]

[13] 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.

[14] 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 region.

[15] 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.

- In calculating availability using US Census datasets, DJMA used 1997 data while Econsult had access to 2002 and 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 2010 (see Table 1.3).

Table 1.3 – FY 1998-2003 vs. FY 2006-2010 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
MBE	2.3%	5.7%	1.4%	14.6%	13.0%	12.7%	11.6%	7.2%
WBE	2.2%	2.3%	0.8%	7.1%	8.0%	4.8%	5.7%	5.1%
DSBE	N/A	N/A	N/A	0.1%	0.0%	0.0%	0.0%	0.0%
M/W/DSBEs Located within the Philadelphia MSA	4.5%	8.0%	2.2%	17.6%	17.6%	14.8%	14.2%	10.9%

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

1.7 Report Overview

Section 2 of this report describes 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.

Section 3 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.

Section 4 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.

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

2.0 METHODOLOGY

In determining our methodology for this study, we first examined the methodology utilized by DJ Miller & Associates (DJMA) in their initial 1998-2003 Disparity Study for the City of Philadelphia.[16] 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 and FY 2009 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.[17] Specifically, we were interested in calculating the disparity ratio for the following M/W/DSBE categories and City contract types, per the City ordinance, the Mayor's Executive Order, and the annual Participation Report of the City of Philadelphia's Office of Economic Opportunity (OEO) (see Table 2.1):

Table 2.1 – M/W/DSBE Categories and City Contract Types of Interest

M/W/DSBE Categories		City Contract Types
• Native American males	• Native American females	• Public Works (PW)
• Asian American males	• Asian American females	• Personal and Professional Services >$30K (PPS)
• African American males	• African American females	• Services, Supplies, and Equipment >$30K (SSE)
• Hispanic males	• Hispanic females	
• Disabled	• Caucasian females	

Source: City of Philadelphia (2007)

[16] 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 1.3.

[17] See Appendix A for more information on our specific methodology in obtaining, filtering, and organizing data from these sources, and Appendix B for a list of files used for the production of the FY 2010 Disparity Study results.

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),[18] 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)) (see Table 2.2).

Table 2.2 – 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 (2011)

[18] 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).

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 2.3).

Table 2.3 – Components of a Disparity Ratio

Utilization		*Availability*
$ value of City contracts awarded to M/W/DSBE prime contractors and sub-contractors	*divided by*	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 (2007)

For the purposes of this report, we are interested exclusively in FY 2010 data. Where data constraints result in missing, insufficient or ambiguous figures, we do not include these figures, but instead show an "X." Therefore, all figures shown are statistically significant.

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 2010 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.[19]

[19] Importantly, the OEO-registered list we use in determining which contract dollars were awarded to OEO-registered firms is from January 2011. 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

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.

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.[20]

- 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

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.

[20] 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 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.

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 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.

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.[21]
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.

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.

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 Phoenix[22] and Mason Tillman in New York City[23] have used *Croson* as a guideline for defining availability. Our methodology

[21] 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.

[22] Second Generation Disparity Study, MGT of America, Inc (1999).

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

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),[24] 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.[25]

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

[24] 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).

[25] 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.

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.[26]

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.[27] 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 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.

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.[28] 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

[26] 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.

[27] 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.

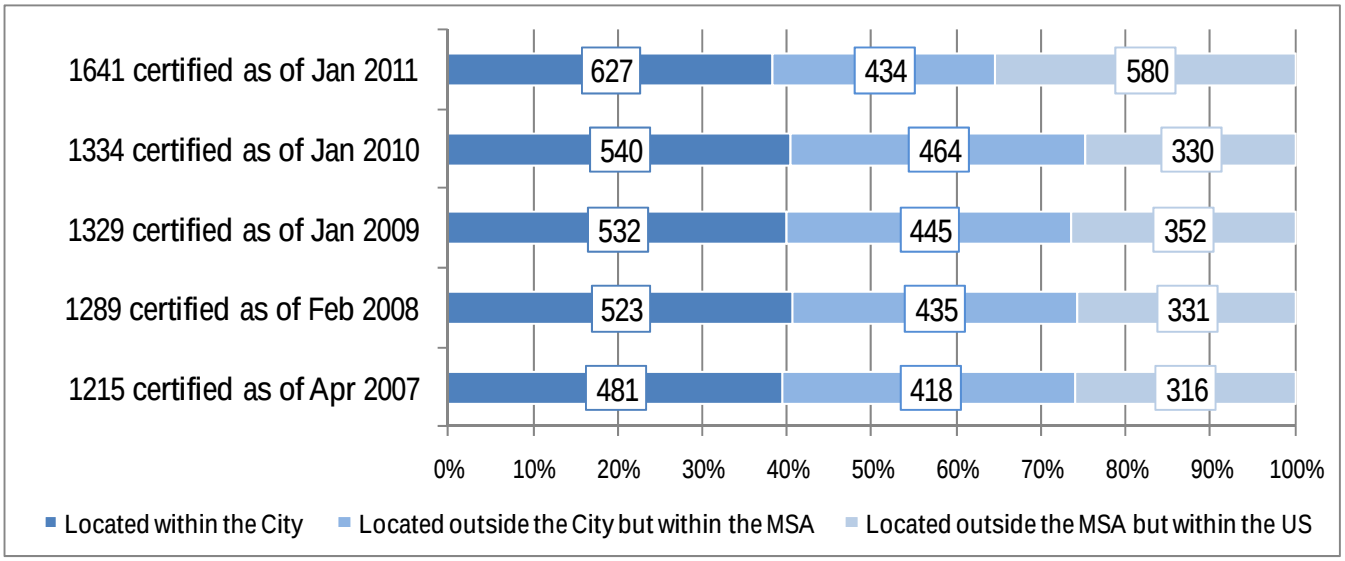
[28] See *Coral Construction*, 941 F. 2d at 925: "An MBE program must limit its geographical scope to the boundaries of the enacting jurisdiction."

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).[29]

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 is located outside the Philadelphia MSA altogether (see Figure 2.1).[30]

Figure 2.1 – 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), Econsult Corporation (2007, 2008, 2009, 2010, 2011)

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

[30] About two-thirds of firms in the OEO directory are located within the Commonwealth of Pennsylvania. See also Appendix C for further information on the distribution of firms in the OEO directory, as of January 2011.

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 would be too narrow a geographic unit.[31]

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 ability.[32] 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

[31] 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, given that availability rates likely differ significantly at the Philadelphia MSA level from rates at the City level, it may be useful, where possible, to calculate availability using both geographies. Fortunately, in 2004, the Philadelphia District Office of the US Small Business Administration (SBA) received a special data set from the 2002 US Census Survey of Business Owners, which has counts of firms in Philadelphia by ethnicity. A more recent version of this dataset, based on the 2007 SBO, is not yet available. This data set has the benefit of describing just firms within the City, and thus can be compared against the utilization of M/W/DSBEs that are located within the City to arrive at a disparity ratio where the geography of the numerator and of the denominator is the City of Philadelphia, not the Philadelphia MSA.

However, its serious flaw, for the purposes of a Disparity Study, is that it is merely a count of all firms, with no additional information as to their characteristics, whether capacity or industry. Given that a large majority of both M/W/DSBE and non-M/W/DSBEs have only one employee, it is likely that most of the firms, M/W/DSBE and non-M/W/DSBE, in the 2004 SBA dataset are not in fact "ready, willing, and able" to do business with the City of Philadelphia. Also, since the data set does not differentiate between firms in different industries, it includes firms in industries that may have no intersection with City contract needs. For both of these reasons, this means that both the numerator and the denominator of the availability rate, when calculated using this data set, are likely vastly inflated.

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

[32] 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.

justifies not relying on any one approach or data set for determining availability (see Table 2.4).[33]

Table 2.4 – Different Approaches to Determining M/W/DSBE Availability Rate

# M/W/DSBEs / # All Firms *(based on SBA/ Census data)*	*may or may not be equal to*	Actual # M/W/DSBE RWA Firms / Actual # All RWA Firms *(i.e. the actual availability rate)*	*may or may not be equal to*	# M/W/DSBE Registered Firms / # All Registered Firms *(based on OEO / Procurement Department)*

Source: Econsult Corporation (2007)

[33] 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.

3.0 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) 2010 results relative to results from Econsult Corporation's FY 2009 report;
- FY 2010 results across all for-profit contract types;
- FY 2010 results across geographic boundaries (i.e. the physical location of M/W/DSBEs);
- FY 2010 results across M/W/DSBE categories: MBEs (and, where data availability allows it, distinct ethnic groupings within), WBEs, and DSBEs;[34] and
- FY 2010 results by City department.

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

3.1 Utilization

As described in Section 2, 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,

[34] 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.

as reported in the FY 2010 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 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 3.1):[35]

Table 3.1 – 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	OEO Annual Participation Report (FY 2010)
"U2" *	Utilization of M/W/DSBEs located in the Philadelphia MSA ÷ utilization of all firms	
"U3"	Utilization of M/W/DSBEs located in the US ÷ utilization of all firms	

Source: Econsult Corporation (2011)

[35] 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.

Before we look at dollar values, let us first consider the distribution of contracts by contract type (see Table 3.2 and Table 3.3).[36] Out of 1,076 total contracts, 297 (14.8 percent) had one or more M/W/DSBEs involved: 139 (12.9 percent) where the M/W/DSBE was a prime contractor, and 182 (16.9 percent) where one or more of the sub-contractors was an M/W/DSBE.[37] Across contract types, there was wide variation: the proportion of contracts with at least one M/W/DSBE participating ranged from 85.0 percent for PW contracts to 17.0 percent for PPS contracts to 3.2 percent for SSE contracts, while the proportion of contracts with M/W/DSBE prime contractors ranged from 17.5 percent for PPS contracts to 4.4 percent for SSE contracts to 3.3 percent for PW contracts. Compared to FY 2009 the number of contracts dropped, as well as the percentages of contracts with M/W/DSBE participation. The number of M/W/DBSE prime contracts awarded increased from 115 (and 9.9 percent of contracts) in FY 2009 to 139 (and 12.9 percent of contracts) in FY 2010.

[36] These contract types are:

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

Miscellaneous Purchase Orders (MPOs) and Small Order Purchases (SPOs) were not included in this calculation. See Appendix D for additional detail on FY 2009 distribution of M/W/DSBE utilization.

[37] These contracts counts do not sum because in 22 cases, a contract had an M/W/DSBE serving as the prime contractor and one or more M/W/DSBEs (not the same M/W/DSBE as the prime contractor) serving as sub-contractors. In other words, there were 297 contracts with at least one M/W/DSBE participating: 139 in which the contract was awarded to an M/W/DSBE prime contractor, which did not have any M/W/DSBE sub-contractors, 22 in which the contract was awarded to an M/W/DSBE prime contractor, which had one or more M/W/DSBE sub-contractors, and 156 in which the contract was primed by a non-M/W/DSBE prime contractor, which had one or more M/W/DSBE sub-contractors, thus totaling 139 contracts primed by an M/W/DSBE prime contractor and 182 contracts with one or more M/W/DSBE sub-contractors. See Figure D.15 for more detail.

Table 3.2 – FY 2010 Distribution of M/W/DSBE Contracts, by Contract Type

	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
# Contracts	60	701	315	1,076	117	616	429	1162
# Contracts With At Least 1 M/W/DSBE Participating	51	224	22	297	103	301	44	448
% Contracts with at Least 1 M/W/DSBE Participating	85.0%	32.0%	7.0%	14.8%	88.0%	48.9%	10.3%	38.6%
# Contracts Awarded to M/W/DSBE Prime Contractors	2	123	14	139	5	95	15	115
% Contracts Awarded to M/W/DSBE Prime Contractors	3.3%	17.5%	4.4%	12.9%	4.3%	15.4%	3.5%	9.9%
# Contracts With At Least 1 M/W/DSBE Sub-Contractor	51	119	10	182	100	212	29	341
% Contracts With At Least 1 M/W/DSBE Sub-Contractor	85.0%	17.0%	3.2%	16.9%	85.5%	34.4%	6.8%	29.3%

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

Table 3.3 – FY 2010 Distribution of M/W/DSBE Contract Participation, by Contract Type[38]

	PW = 60 total contracts				PPS = 701 total contracts				SSE = 315 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	53	42	38	3	214	141	110	0	21	13	14	0
Highest # of Contracts a Single M/W/DSBE Participated in	9	9	7	3	14	14	21	1	6	6	0	0
# M/W/DSBEs Participating in Exactly 1 Contract	42	32	31	2	130	84	67	0	14	6	12	0
# M/W/DSBEs Participating in 2-5 Contracts	9	9	7	1	77	51	41	0	6	6	2	0
# M/W/DSBEs Participating in 6-10 Contracts	2	1	1	0	4	4	0	0	1	1	0	0
# M/W/DSBEs Participating in 11-20 Contracts	0	0	0	0	2	2	1	0	0	0	0	0
# M/W/DSBEs Participating in 21 or More Contracts	0	0	0	0	1	0	1	0	0	0	0	0

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

[38] 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.

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 2010 participated in less than five contracts. In other words, there was relatively equitable distribution of contracts to 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 60 Public Works (PW) contracts in which at least one M/W/DSBE participated as either a prime contractor or sub-contractor, 53 different M/W/DSBEs participated. Fifty-one of them (85.0 percent) participated in five or fewer PW contracts: 42 (70.0 percent) participated in exactly one PW contract and another 9 (15.0 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: 207 out of 214, or 96.7 percent, of M/W/DSBEs that participated in at least one PPS contract participated in five or fewer PPS contracts, while 20 out of 21, or 95.2 percent, of M/W/DSBEs that participated in at least one SSE contract participated in five or fewer SSE contracts.

Two PW contracts and fourteen SSE contracts were awarded to M/W/DSBE prime contractors. Far more PPS contracts were awarded to M/W/DSBE prime contractors: 123, or 17.5 percent of the City's 701 PPS contracts. The two PW contracts were awarded to white female owned firms, and represented 3.3 percent of the City's 60 PW contracts. Of the fourteen SSE contracts awarded to M/W/DSBEs, eight were awarded to African-American male owned firms, two to Asian male owned firms, two to African-American female owned firms and two to white female owned firms; together, these represented 4.4 percent of the City's 315 SSE contracts.[39]

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 3.4), "U2" is utilization of M/W/DSBEs that are located within the Philadelphia MSA (see Table 3.5), and "U3" is utilization of M/W/DSBEs that are located within the US (see Table 3.6). As noted previously, the FY 2010 results include federally funded contracts.

[39] See Figure D.11 and Figure D.15 for more detail.

Table 3.4 – FY 2010 Utilization ("U1") - Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Located within the City of Philadelphia[40]

		FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
White	Female	1.6%	1.0%	4.4%	2.1%	0.6%	1.1%	0.2%	0.9%
Native American	Male & Female	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asian American	Male & Female	1.3%	0.2%	0.0%	0.3%	0.0%	0.2%	0.0%	0.1%
African American	Male & Female	0.8%	3.0%	12.1%	5.2%	1.1%	10.6%	2.8%	6.9%
Hispanic	Male & Female	0.4%	0.1%	0.3%	0.2%	0.7%	1.8%	0.2%	1.2%
All MBE	Male & Female	2.5%	3.3%	12.4%	5.7%	1.9%	12.7%	3.0%	8.4%
All	Female	1.7%	2.0%	6.3%	3.2%	0.7%	3.9%	2.5%	2.9%
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	4.1%	4.3%	16.8%	7.8%	2.5%	13.8%	3.2%	9.2%

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

Table 3.5 – FY 2010 Utilization ("U2") - Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Located within the Philadelphia MSA

		FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
White	Female	6.5%	2.2%	4.5%	3.7%	3.4%	2.6%	0.6%	2.5%
Native American	Male & Female	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asian American	Male & Female	2.8%	1.3%	0.0%	1.2%	0.0%	1.7%	0.1%	1.4%
African American	Male & Female	5.8%	3.8%	12.5%	6.7%	1.6%	11.9%	4.1%	8.0%
Hispanic	Male & Female	2.3%	0.2%	0.3%	0.6%	2.5%	2.3%	0.3%	2.0%
All MBE	Male & Female	10.9%	5.6%	12.8%	8.7%	5.9%	16.2%	4.4%	11.6%
All	Female	8.1%	3.6%	6.8%	5.4%	5.3%	6.6%	3.0%	5.7%
Disabled		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
All M/W/DSBE	Male & Female	17.4%	7.8%	17.4%	12.4%	9.3%	18.8%	5.1%	14.2%

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

[40] 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.

Table 3.6 – FY 2010 Utilization ("U3") - Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Located within the US

		FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
White	Female	7.0%	6.2%	4.6%	5.9%	4.1%	5.3%	1.9%	4.5%
Native American	Male & Female	1.4%	0.0%	0.0%	0.3%	1.7%	0.0%	0.0%	0.5%
Asian American	Male & Female	3.1%	1.9%	0.4%	1.7%	1.9%	2.1%	0.1%	1.8%
African American	Male & Female	7.3%	6.2%	25.1%	11.8%	1.7%	12.8%	4.3%	8.6%
Hispanic	Male & Female	2.3%	0.6%	0.3%	0.9%	2.5%	2.4%	0.3%	2.1%
All MBE	Male & Female	14.6%	9.0%	25.8%	14.9%	7.9%	17.6%	4.9%	13.1%
All	Female	10.9%	8.3%	8.6%	8.9%	7.8%	9.5%	4.3%	8.2%
Disabled	Male & Female	0.3%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
All M/W/DSBE	Male & Female	21.9%	15.2%	30.4%	20.8%	12.1%	22.9%	6.9%	17.6%

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

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 7.8 percent in FY 2010. That does not mean that 92.2 percent of City contract dollars awarded went to white male-owned firms. Rather, 4.6 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 12.4 percent); and an additional 8.4 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 20.8 percent). The remaining 79.2 percent of City contract dollars awarded went to non-M/W/DSBEs (see Table 3.7 and Table 3.8).[41]

[41] See Appendix D 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, women, or disabled persons that are not OEO-registered as M/W/DSBEs and are therefore not counted as M/W/DSBEs.

Table 3.7 – FY 2010 Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, by Contract Type and by Location of M/W/DSBE (by $ Contracts Awarded)

Location of M/W//DSBE	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
All City	4.1%	4.3%	16.8%	7.8%	2.5%	13.8%	3.2%	9.2%
In Metro But Outside City	13.3%	3.5%	0.5%	4.6%	6.8%	5.0%	1.9%	5.0%
All Metro	17.4%	7.8%	17.4%	12.4%	9.3%	18.8%	5.1%	14.2%
In US But Outside Metro	4.5%	7.4%	13.0%	8.4%	2.8%	4.1%	1.8%	3.4%
All US	21.9%	15.2%	30.4%	20.8%	12.1%	22.9%	6.9%	17.6%
Non-M/W/DSBE	78.1%	84.8%	69.6%	79.2%	87.9%	77.1%	93.1%	82.4%

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

Table 3.8 – FY 2010 Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors, by Contract Type and by Location of M/W/DSBE (in $M)

Location of M/W/DSBE	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
All City	$4.8	$7.3	$49.8	$46.4	$4.1	$53.9	$3.2	$61.5
In Metro But Outside City	$15.7	$6.0	$1.5	$27.1	$11.6	$19.3	$1.9	$33.2
All Metro	$20.5	$13.3	$51.3	$73.5	$15.7	$73.2	$5.1	$94.7
In US But Outside Metro	$5.3	$12.7	$38.4	$49.6	$4.6	$16.0	$1.8	$22.5
All US	$25.8	$25.9	$89.7	$123.1	$20.3	$89.1	$6.9	$117.2
Non-M/W/DSBE	$92.2	$144.7	$205.8	$468.8	$148.3	$300.3	$93.5	$550.1
Total Spending	$118.0	$170.6	$295.5	$591.9	$168.6	$389.4	$100.4	$667.3

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

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

- Comparing FY 2010 utilization results with FY 2009 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 region 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 17.6 percent in FY 2009 to 20.8 percent in FY 2010 for all M/W/DSBEs irrespective of location**.
  - Overall M/W/DSBE utilization was down from 9.2 percent in FY 2009 to 7.8 percent in FY 2010 for M/W/DSBEs located within the City, and also down from 14.2 percent in FY 2009 to 12.4 percent in FY 2010 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 dropped from 5.0 percent in FY 2009 to 4.6 percent in FY 2010.
  - There was an increase in utilization of M/W/DSBEs located within the City for PW and SSE contracts and a decrease in utilization for PPS contract types. Utilization of M/W/DSBEs located within the City on PW contracts increased from 2.5 percent in FY 2009 to 4.1 percent in FY 2010 and SSE contracts increased from 3.2 percent to 16.8 percent from FY 2009 to FY 2010. However, utilization decreased from 13.8 percent in FY 2009 to 4.3 percent in FY 2010 for PPS contracts.
  - The utilization trend within the Philadelphia MSA mirrors the trend within the City. The decrease in M/W/DSBE utilization within the Philadelphia MSA was due to the drop in M/W/DSBE utilization for PPS contracts from 18.8 percent in FY 2009 to 7.8 percent in FY 2010. Meanwhile, M/W/DSBE utilization within the Philadelphia MSA for PW contracts increased, from 9.3 percent in FY 2009 to 17.4 percent in FY 2010, in addition to a substantial increase in M/W/DSBE utilization within the Philadelphia MSA for SSE contracts, from 5.1 percent in FY 2009 to 17.4 percent in FY 2010.
- Comparing results across M/W/DSBE categories:
  - Utilization of African American firms decreased in the City and MSA but increased across the US. Utilization of African American firms located within the

City decreased from 6.9 percent in FY 2009 to 5.2 percent in FY 2010 and from 8.0 percent in FY 2009 to 6.7 percent in FY 2010 for firms located within the Philadelphia MSA. Firms located within the US saw increased utilization from 8.6 percent in FY 2009 to 11.8 percent in FY 2010. Thus, the utilization of African American firms located within the Philadelphia MSA but outside the City increased from 1.1 percent in FY 2009 to 1.5 percent in FY 2010, and the utilization of African American firms located outside the Philadelphia MSA increased from 0.6 percent in FY 2009 to 5.1 percent in FY 2010.

- Utilization of Hispanic firms dropped from 1.2 percent in FY 2009 to 0.2 percent in FY 2010 for firms located within the City, down from 2.0 percent in FY 2009 to 0.6 percent in FY 2009 for firms located within the Philadelphia MSA, and down from 2.1 percent in FY 2009 to 0.9 percent in FY 2010 for firms located within the US. Thus, the utilization of Hispanic firms located within the Philadelphia MSA but outside the City was down from 0.8 percent in FY 2009 to 0.4 percent in FY 2010, and the utilization of Hispanic firms located outside the Philadelphia MSA increased from 0.1 percent in FY 2009 to 0.2 percent in FY 2010.

- Utilization of Asian American firms increased from 0.1 percent in FY 2009 to 0.3 percent in FY 2010 for firms located within the City of Philadelphia, decreased from 1.4 percent in FY 2009 to 1.2 percent in FY 2010 for firms located within the Philadelphia MSA, and decreased from 1.8 percent in FY 2009 to 1.7 percent in FY 2010 for firms located within the US. Thus, the utilization of Asian American firms located within the Philadelphia MSA but outside the City was down from 1.3 percent in FY 2009 to 0.9 percent in FY 2010, and the utilization of Asian American firms located outside the Philadelphia MSA remained constant at 0.4 percent between FY 2009 and FY 2010.

- Utilization of white female owned firms increased for all three geographies: from 0.9 percent in FY 2009 to 2.1 percent in FY 2010 for firms located within the City of Philadelphia, from 2.5 percent in FY 2009 to 3.7 percent in FY 2010 for firms located within the Philadelphia MSA, and from 4.5 percent in FY 2009 to 5.9 percent in FY 2010 for firms located within the US. Thus, the utilization of white female owned firms located within the Philadelphia MSA but outside the City remained unchanged at 1.6 percent in FY 2009 and FY 2010, and the utilization of white female owned firms located outside the Philadelphia MSA increased from 2.0 percent in FY 2009 to 2.1 percent in FY 2010.

- The only data available for Native Americans is at the national level, which showed a 0.2 percent decrease in utilization from 0.5 percent in FY 2009 to 0.3 percent in FY 2010 for all contract types.

- Comparing results across contract types:

  - SSE was the contract type that enjoyed the highest utilization rates across contract types (from 6.9 percent in FY 2009 to 30.4 percent in FY 2010), as well as for a majority of the geography and M/W/DSBE categories (for example, from 4.3 percent in FY 2009 to 25.1 percent in FY 2010 for African American owned firms). This resulted in part from **the reclassification in FY 2010 of some high-participation contracts from PW or PPS to SSE** (thus shifting M/W/DSBE utilization from PW or PPS to SSE; absent this reclassification, M/W/DSBE utilization in SSE contracts actually declined - see Table 3.9), and in part from **the inclusion of some high-participation SSE waste management contracts in FY 2010 that were not included in previous years** because that spending was in the form of amendments to existing contracts and therefore was not accounted for in those Annual Disparity Studies.[42]

  - Utilization of M/W/DSBEs for SSE contracts increased from 3.2 percent in FY 2009 to 16.8 percent in FY 2010 for firms located within the City, up from 5.1 percent in FY 2009 to 17.4 percent in FY 2010 for firms located within the Philadelphia MSA, and up from 6.9 percent in FY 2009 to 30.4 percent in FY 2010 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 1.9 percent in FY 2009 to 0.5 percent in FY 2010, and the utilization of M/W/DSBEs located outside the Philadelphia MSA was up from 1.8 percent in FY 2009 to 13.0 percent in FY 2010.

  - Utilization of M/W/DSBEs for PW contracts was up from 2.5 percent in FY 2009 to 4.1 percent in FY 2010 for firms located within the City, up from 9.3 percent in FY 2009 to 17.4 percent in FY 2010 for firms located within the Philadelphia MSA, and up from 12.1 percent in FY 2009 to 21.9 percent in FY 2010 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 up from 6.8 percent in FY 2009 to 13.3 percent in FY 2010, and the utilization of M/W/DSBEs located outside the Philadelphia MSA was up from 2.8 percent in FY 2009 to 4.5 percent in FY 2010.

[42] There was actually spending in previous years on these waste management contracts. However, this spending was in the form of amendments to existing contracts, and not in the form of contracts awarded in that year, and therefore it was not included in the universe of contracts considered in previous Annual Disparity Studies. In Section 4, this spending in previous years is accounted for in a summary table of M/W/DSBE utilization over time, in order to provide a better comparison across time.

- Utilization of M/W/DSBEs for PPS contracts was down from 13.8 percent in FY 2009 to 4.3 percent in FY 2010 for firms located within the City, down from 18.8 percent in FY 2009 to 7.8 percent in FY 2010 for firms located within the Philadelphia MSA, and down from 22.9 percent in FY 2009 to 15.2 percent in FY 2010 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 was down from 5.0 percent in FY 2009 to 3.5 percent in FY 2010, and the utilization of M/W/DSBEs located outside the Philadelphia MSA increased from 4.1 percent in FY 2009 to 7.4 percent in FY 2010.

Table 3.9 – FY 2010 Utilization of M/W/DSBEs in SSE Contracts, Before and After FY 2010 Reclassification of Contracts

		FY 10 SSE (Before Reclassification)	FY 10 SSE (After Reclassification)	FY 09 SSE
White	Female	0.2%	4.6%	1.9%
Native American	Male & Female	0.0%	0.0%	0.0%
Asian American	Male & Female	0.7%	0.4%	0.1%
African American	Male & Female	1.1%	25.1%	4.3%
Hispanic	Male & Female	0.1%	0.3%	0.3%
All MBE	Male & Female	2.0%	25.8%	4.9%
All	Female	0.2%	8.6%	4.3%
Disabled	Male & Female	0.0%	0.0%	0.0%
All M/W/DSBE	Male & Female	2.2%	30.4%	6.9%

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

Overall, **12.9 percent of all City contracts were primed by M/W/DSBEs (up from 9.9 percent in FY 2009), representing 5.8 percent of the aggregate dollar value of all City contracts (down from 6.6 percent in FY 2009).** M/W/DSBEs primed 3.3 percent of PW contracts (representing 0.4 percent of City contract dollar amounts), 17.5 percent of PPS contracts (representing 6.1 percent of City contract dollar amounts), and 4.4 percent of SSE contracts (representing 8.9 percent of City contract dollar amounts). **The average contract size primed by a M/W/DSBE decreased from $380,000 in FY 2009 to $240,000 in FY 2010 and still lagged behind the average contract size primed by a non-M/WDSBE ($600,000 in FY 2009 and FY 2010)** (see Figure 3.10).

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 3.11).[43] 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 uniform across types of services and industries, it can make it difficult to truly compare performance across categories.

[43] See Appendix D for additional detail on M/W/DSBE utilization by department.

Table 3.10 – FY 2010 Utilization of M/W/DSBEs as Prime Contractor (by # and $ of Contracts)

	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
All Contracts								
# Contracts	60	701	315	1,076	117	616	429	1,162
Amount ($M)	$118	$295.5	$170.6	$591.9	$168.6	$389.4	$100.4	$667.3
Avg Contract ($M)	$1.97	$0.42	$0.54	$0.55	$1.44	$0.63	$0.23	$0.57
Primed by M/W/DSBE								
# Contracts	2	123	14	139	5	95	15	115
Amount ($M)	$0.42	$17.96	$15.40	$33.7	$2.99	$37.62	$2.54	$43.1
Avg Contract ($M)	$0.21	$0.15	$1.09	$0.24	$0.60	$0.40	$0.17	$0.38
Primed by non-M/W/DSBE								
# Contracts	58	578	301	935	112	521	414	1,047
Amount ($M)	$117.6	$277.5	$155.2	$558.2	$165.6	$351.8	$97.9	$624.2
Avg Contract ($M)	$2.02	$0.48	$0.52	$0.60	$1.48	$0.68	$0.24	$0.60
% of # Primed by M/W/DSBE	3.3%	17.5%	4.4%	12.9%	4.3%	15.4%	3.5%	9.9%
% of $ Primed by M/W/DSBE	0.4%	6.1%	8.9%	5.8%	1.8%	9.7%	2.5%	6.6%
Avg Contract Size, M/W/DSBE ($M)	$0.20	$0.15	$1.10	$0.24	$0.60	$0.40	$0.17	$0.38
Avg Contract Size, non-M/W/DSBE ($M)	$2.03	$0.48	$0.52	$0.60	$1.48	$0.68	$0.24	$0.60

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

Table 3.11 – FY 2010 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, by City Department (by $ Contracts Awarded)

City Department	FY 10 Dept Total (in $M)	FY 10 M/W/DSBE Total (in $M)	FY 10 M/W/DSBE %Utilization Actual	FY 09 M/W/DSBE %Utilization Actual	+/- Percent Increase
Aviation	$37.5	$10.7	28.4%	23.2%	22.6%
Behavioral Health/Mental Retardation Services	$7.0	$0.1	1.4%	0.7%	104.1%
Board of Ethics	$0.0	$0.0	0.0%	0.0%	N/A
Camp William Penn	$0.0	$0.0	0.0%	0.0%	N/A
Capital Program Office	$0.0	$0.0	0.0%	53.7%	-100.0%
City Planning Commission	$0.8	$0.4	47.7%	63.9%	-25.3%
Civil Service Commission	$0.0	$0.0	0.0%	0.0%	N/A
Commerce	$0.0	$0.0	12.6%	0.0%	100.0%
Division of Technology	$12.8	$3.3	25.7%	18.3%	40.5%
Fairmount Park Commission[44]	$0.0	$0.0	0.0%	75.1%	-100.0%
Finance, Director of	$8.6	$3.4	39.5%	32.4%	22.0%
Fire	$6.2	$0.0	0.0%	1.1%	-100.0%
First Judicial District of PA	$0.0	$0.0	0.0%	0.0%	N/A
Fleet Management	$0.5	$0.0	7.7%	0.4%	1827.7%
Health, Department of Public	$13.5	$2.0	15.1%	1.4%	981.0%
Historical Commission	$0.0	$0.0	0.0%	0.0%	N/A
Human Services, Department of	$70.5	$2.7	3.8%	4.4%	-13.6%
Labor Relations	$0.0	$0.0	0.0%	0.0%	N/A
Law Department	$11.1	$0.4	4.0%	17.2%	-76.7%
Library, Free	$0.7	$0.0	1.1%	5.1%	-78.4%
Licenses and Inspections, Department of (L&I)	$0.4	$0.1	25.0%	22.9%	9.2%
Managing Director's Office	$1.6	$0.1	3.5%	16.7%	-78.9%
Mayor's Office	$0.4	$0.1	20.6%	1.9%	984.2%

[44] This department recently merged with Parks and Recreation, so spending is shown there instead.

City Department	FY 10 Dept Total (in $M)	FY 10 M/W/DSBE Total (in $M)	FY 10 M/W/DSBE %Utilization Actual	FY 09 M/W/DSBE %Utilization Actual	+/- Percent Increase
Mayor's Office of Community Services	$0.3	$0.0	11.9%	42.0%	-71.7%
Mural Arts Program	$0.0	$0.0	0.0%	0.0%	-
Office of Emergency Services	$0.9	$0.0	0.0%	0.0%	N/A
Office of Housing & Community Development (OHCD)	$0.2	$0.1	33.1%	10.5%	215.2%
Office of Supportive Housing (OSH)	$3.4	$1.0	29.4%	15.5%	89.8%
Office of the Inspector General	$0.1	$0.0	0.0%	0.0%	N/A
Pensions & Retirement, Board of	$31.2	$3.4	10.9%	0.0%	-
Personnel	$0.6	$0.0	6.5%	2.3%	182.6%
Police	$2.1	$0.0	2.4%	1.2%	100.0%
Prisons	$88.6	$26.4	29.7%	29.2%	1.8%
Procurement	$0.2	$0.0	0.0%	0.0%	-
Property, Department of Public	$100.2	$30.2	30.1%	41.7%	-27.7%
Records	$1.8	$0.3	14.9%	13.4%	11.4%
Parks and Recreation[45]	$0.5	$0.0	1.5%	N/A	N/A
Revenue	$9.5	$1.9	19.4%	24.5%	-20.7%
Revision of Taxes, Board of	$0.1	$0.0	17.2%	60.9%	-71.8%
Sinking Fund Commission	$0.0	$0.0	0.0%	0.0%	-
Streets	$47.1	$24.1	47.8%	5.6%	753.6%
Treasurer, City	$3.5	$0.5	15.3%	50.0%	-69.4%
Water Department	$58.8	$10.0	17.0%	12.6%	35.0%
Youth Commission	$0.0	$0.0	0.0%	0.0%	N/A
Zoning Code Commission	$0.0	$0.0	0.0%	0.0%	N/A
All Departments	$520.8	$121.0	23.2%	18.5%	25.6%
All with Citywide SSE	$592.0	$123.1	20.8%	17.6%	18.1%

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

[45] This department recently merged with Fairmount Park Commission, whose spending is shown here.

The following departments merit additional discussion:

- The top three of the 45 City departments in terms of contracts – Human Services, Prisons, and Public Property – represent $259 million in contracts, or nearly 50 percent (49.8 percent) of the dollars spent by City departments. In terms of M/W/DSBE utilization, the following departments had utilization rates above that of all City departments (23.2 percent): Aviation (28.4 percent), City Planning (47.7 percent), Division of Technology (25.7 percent), Finance (39.5 percent), Licenses and Inspections (25.0 percent), Office Housing and Community Development (33.1 percent), Office of Supportive Housing (29.4 percent), Prisons (29.7 percent), Public Property (30.1 percent), and the Streets Department (47.8 percent).

- Among the City departments with at least $1 million in contracts, City Planning (47.7 percent) and the Streets Department (47.8 percent) had the highest utilization rates. At the other end of the spectrum, the Fire Department (0.0 percent) and the Police Department (2.4 percent) had the lowest utilization rates.

- The City's overall utilization M/W/DSBE rate increased from 18.5 percent in FY 2009 to 23.2 percent in FY 2010. Five City departments that had at least $1 million in contracts had double-digit percentage increases in M/W/DSBE utilization rates from FY 2009 to FY 2010 and FY 2010 utilization rates above the utilization for all City departments: Aviation (from 23.2 percent to 28.4 percent in FY 2010), Division of Technology (from 18.3 percent to 25.7 percent in FY 2010), Finance (from 32.4 percent to 39.5 percent), Office of Supportive Housing (OSH) (from 15.5 percent in FY 2009 to 29.4 percent in FY 2010), and Streets (from 5.6 percent in FY 2009 to 47.8 percent in FY 2010).

- In contrast, six City departments that had at least $1 million in contracts had double-digit decreases in M/W/DSBE utilizations and FY 2010 utilization rates below the utilization for all City departments: the Fire Department (from 1.1 percent in FY 2009 to 0.0 percent in FY 2010), the Law Department (from 17.2 percent in FY 2009 to 4.0 percent in FY 2010), Managing Director's Office (from 16.7 percent in FY 2009 to 3.5 percent in FY 2010), the Department of Revenue (from 24.5 percent to 19.4 percent in FY 2010), the City Treasurer (from 50.0 percent in FY 2009 to 15.3 percent in FY 2010), and the Department of Human Services (from 4.4 percent in FY 2009 to 3.8 percent in FY 2010). In 2009, ten 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/Mental Retardation Services, Commerce, Fleet Management, Public Health,

Personnel, Mayor's Office, Housing and Community Development, Police, and Streets.

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.[46] While these data on "certifiables" is 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.[47]

[46]One 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."

[47] 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

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 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.

3.2 Availability

As described in Section 2, in defining M/W/DSBE availability, one must be mindful to be neither too broad nor too narrow. Accordingly, we have calculates availability seven different ways. A spectrum of results can then inform the appropriate choice of availability approach when calculating disparity ratios (see Table 3.12).

Table 3.12 – 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	US Small Business Administration – Philadelphia District Office (2004)
"A2"	# Minority-, Women-, and Disabled-Owned Firms Located within the Philadelphia MSA ÷ # All Firms Located within the Philadelphia MSA, by Contract Type	2002 and 2007 US Census Survey of Business Owners
"A3" *	# 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	2002 and 2007 US Census Survey of Business Owners

"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. Also, OEO expends a considerable amount of effort to verify the ownership status of its registered firms, and therefore it is likely that that variance is relatively smaller.

Method	Description	Data Source(s)
"A4"	$ 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	2002 and 2007 US Census Survey of Business Owners
"A5"	$ 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	2002 and 2007 US Census Survey of Business Owners
"A6"	# OEO-Registered M/W/DSBEs ÷ # All Firms on City of Philadelphia Procurement Department Vendor List, by Contract Type	Office of Economic Opportunity (2010), Procurement Department (2010)
"A7"	# 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 (2010)

Source: Econsult Corporation (2011)

A first, very broad approach is to take data from the Philadelphia District Office of the US Small Business Administration (SBA), which shows firms by ethnicity and gender for Philadelphia County and other counties.[48] This is very broad because only firms that are RWA – both M/W/DSBE and non-M/W/DSBE – should be considered when determining availability. As noted earlier, a vast majority of firms – both M/W/DSBE and non-M/W/DSBE – are very small and therefore highly unlikely to be deemed RWA. In addition, these tables count all firms regardless of industry, even though not all industries are of use to the City in its contracting needs; a more accurate availability rate would therefore include from these counts of firms only those firms - M/W/DSBE and non-M/W/DSBE - that are in industries that represent functions in which the City can contract work.

However, it is useful to consider availability at the City level, and thus be able to compare it to availability at the Philadelphia MSA level. Therefore, we assume for now that the proportion of all M/W/DSBEs to all firms (what can be calculated from this data set) is close enough to the proportion of all RWA M/W/DSBEs in relevant industries to all RWA firms in relevant industries (what an availability ratio really is) that it can be used to measure availability. We call this approach "A1" (see Table 3.13).[49]

[48] Philadelphia County is identical to the City of Philadelphia in geography.

[49] Based on special Philadelphia-only subset of 2002 US Census Bureau Survey of Business Owners data. 2007 is not yet available.

Table 3.13 – FY 2010 Availability ("A1") - # Minority-, Women-, and Disabled-Owned Firms Located within the City of Philadelphia, Divided by # All Firms Located within the City of Philadelphia, by M/W/DSBE Category[50]

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

Source: US Census Bureau Survey of Business Owners (2002), US Small Business Administration - Philadelphia District Office (2004), Econsult Corporation (2010, 2011)

We note the following observations from the above data:

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

Moving from a city geography to a metropolitan one, in using the broad approach, we determined, in any given contract category, the number of M/W/DSBEs in the Philadelphia MSA and divided that number by the number of all firms in the Philadelphia MSA. For such an approach, we utilized the 2002 and 2007 US Census Survey of Business Owners.

[50] Throughout this report, "X" denotes that data is unavailable or insufficient.

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.[51]

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

- "A2" - # M/W/DSBEs Divided By # All Firms in Philadelphia MSA, Based on SBA/Census Survey of Business Owners
- "A3" - # 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)
- "A4" - $ Revenue of M/W/DSBEs Divided by $ Revenue of All Firms in Philadelphia MSA, Based on SBA/Census Survey of Business Owners
- "A5" - $ 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:

[51] 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 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.

- "A6" - # OEO-Registered M/W/DSBEs Divided by # All Firms on City of Philadelphia Procurement Department Vendor List

- "A7" - # MBE/WBEs on City of Philadelphia Procurement Department Vendor List Divided by # All Firms on City of Philadelphia Procurement Department Vendor List

Of the six availability approaches that use the Philadelphia MSA as the unit of geography, we believe "A3" is the one that most effectively balances "broad" and "narrow" considerations. 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 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.

In a departure from previous years' 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 2010 Disparity Study weights the SBO data according to the distribution of FY 2010 spending by industry, per the FY 2010 Participation Report. With a few exceptions, this new weighted approach yields similar results as the former unweighted approach (see Table 3.14).[52]

[52] See Appendix E for additional detail on M/W/DSBE availability, as calculated using the former, unweighted approach, and Appendix F for additional detail on the methodological approach and results for the weighted approach.

Table 3.14 – FY 2010 Availability ("A3") 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[53]

		FY 2010 (Weighted Approach)				FY 2006 - FY 2009			
		PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
Native American	Male & Female	0.0%	0.0%	0.1%	0.0%	0.2%	0.1%	0.1%	0.2%
Asian American	Male & Female	1.5%	4.9%	5.3%	4.3%	0.9%	4.8%	8.7%	5.5%
African American	Male & Female	1.4%	2.4%	2.3%	2.2%	1.4%	2.2%	2.3%	2.1%
Hispanic	Male & Female	1.2%	0.9%	0.8%	1.0%	1.0%	0.6%	0.8%	1.2%
All MBE	Male & Female	4.1%	7.3%	8.5%	7.5%	3.4%	7.7%	11.9%	9.0%
All	Female	10.8%	16.3%	14.8%	15.0%	9.3%	18.3%	14.3%	15.5%
Disabled	Male & Female	X	X	X	X	X	X	X	X
All M/W/DSBE	Male & Female	14.9%	23.6%	23.3%	22.5%	12.7%	26.0%	27.4%	24.6%
All Firms	All	N/A	N/A	N/A	114,885	22,305	50,908	40,652	114,869

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

In terms of the characteristics of the Philadelphia MSA as they pertain to M/W/DSBE availability between 2006 and 2009 (based on 1997 data) and FY 2010 (based on 2007 data), we note the following points:

- The total number of firms in the area increased by less than 0.1 percent, from 114,869 to 114,885, but M/W/DSBE availability decreased from 24.6 percent in FY 2009 to 22.5 percent in FY 2010.

[53] This weighted approach table also differs from the unweighted approach tables in Appendix E in that it uses all 2007 SBO data; the unweighted approach uses 2002 and 2007 SBO data.

- MBE availability decreased from 9.0 percent in 2006-2009 to 7.5 percent in 2010. WBE availability decreased from 15.5 percent in 2006-2009 to 15.0 percent in 2010.

- M/W/DSBE availability for PW contracts increased from 12.7 percent in 2006-2009 to 14.9 percent in 2010. M/W/DSBE availability for PPS contracts decreased from 26.0 percent in 2006-2009 to 23.6 percent in 2010. M/W/DSBE availability for SSE contracts decreased from 27.4 percent in 2006-2009 to 23.3 percent in 2010.

- Asian availability saw a decline, from 5.5 percent in 2006-2009 to 4.3 percent in 2010. Asian availability for SSE contracts declined from 8.7 percent in 2006-2009 to 5.3 percent in 2010. This is due to the fact that, using the new weighted approach to estimating availability, it was determined that a significant portion of FY 2010 SSE spending was in an industry category in which there were no Asians in the Philadelphia MSA.[54] Despite these declines, Asian availability rates remain the highest among all MBE sub-categories for all three contract types.

- In comparing availability at the Philadelphia MSA level (based on 2007 data) with availability at the City level (based on 2004 data), we note that M/W/DSBEs represented 46.2 percent of all firms within the City but only 20.6 percent of all firms within the Philadelphia MSA, and MBEs represented 24.0 percent of all firms within the City but only 6.8 percent of all firms within the Philadelphia MSA.

3.3 Disparity

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

[54] Asian American availability for SSE contracts is lower because the weighted approach more heavily weights contracts in NAICS code 56 ("Administrative and Support and Waste Management and Remediation Services"), because it accounts for 37 percent of SSE contracts in FY 2010; Asian availability in that two-digit NAICS code is 0 percent. All other combinations of contract type and M/W/DSBE category are relatively similar using the unweighted and weighted approaches. See Appendix F for more detail on this calculation.

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 misleading 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 follows:

- "D1" = "U1" ÷ "A1" = Utilization of M/W/DSBEs in the City, divided by Availability of M/W/DSBEs in the City (see Table 3.15)[55]

- "D3" = "U2" ÷ "A3" = Utilization of M/W/DSBEs in the Philadelphia MSA, divided by Availability of M/W/DSBEs in the MSA (see Table 3.16)[56]

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

[56] "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 F for additional detail on M/W/DSBE disparity.

Table 3.15 – FY 2010 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)

Category		PW	PPS	SSE	All Contract Types (FY 2010)	All Contract Types (FY 2009)	All Contract Types (FY 2008)
White	Female	X	X	X	0.07	0.04	0.03
Native American	Male & Female	X	X	X	X	X	X
Asian American	Male & Female	X	X	X	0.04	0.02	0.03
African American	Male & Female	X	X	X	0.27	0.47	0.51
Hispanic	Male & Female	X	X	X	0.08	0.50	0.52
All MBE	Male & Female	X	X	X	0.18	0.35	0.38
All	Female	X	X	X	X	X	X
Disabled	Male & Female	X	X	X	X	X	X
All M/W/DSBE	Male & Female	X	X	X	0.13	0.20	0.21

Source: Econsult Corporation (2010, 2011); Utilization = OEO Annual Participation Report (FY 2009, FY 2010); Availability = US Census Bureau Survey of Business Owners (2002), US Small Business Administration - Philadelphia District Office (2004)

Table 3.16 – FY 2010 Disparity Ratio ("D3") = Utilization ("U2") Divided by Availability ("A3"), by Contract Type and by M/W/DSBE Category (M/W/DBSE located within the Philadelphia MSA)

		FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
White	Female	X	X	X	X	X	X	X	X
Native American	Male & Female	0.00	0.00	0.00	0.00	0.11	0.00	X	0.05
Asian American	Male & Female	1.87	0.27	0.00	0.28	X	0.47	0.01	0.26
African American	Male & Female	4.14	1.58	5.43	3.05	1.21	6.26	4.54	3.81
Hispanic	Male & Female	1.92	0.22	0.38	0.60	2.26	2.29	0.29	1.68
All MBE	Male & Female	2.66	0.77	1.51	1.16	2.10	2.41	0.43	1.29
All	Female	0.75	0.22	0.46	0.36	0.66	0.37	0.21	0.37
Disabled	Male & Female	X	X	X	X	X	X	X	X
All M/W/DSBE	Male & Female	1.17	0.33	0.75	0.55	0.86	0.76	0.21	0.58

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

The disparity ratios that were calculated based on the utilization and availability data sources that look at utilization and availability within the City demonstrate under-utilization across the board[57]:

- White female owned firms located within the City represented 22.0 percent of all firms located within the City but received only 2.1 percent of City contracts, for a disparity ratio of 0.07.

[57] 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.

- Asian Americans located within the City represented 7.0 percent of all firms located within the City but received only 0.3 percent of City contracts, for a disparity ratio of 0.04.

- African Americans located within the City represented 14.8 percent of all firms located within the City but received only 5.2 percent of City contracts, for a disparity ratio of 0.27.

- Hispanics located within the City represented 2.5 percent of all firms located within the City but received only 0.2 percent of City contracts, for a disparity ratio of 0.08.

- MBEs located within the City represented 24.0 percent of all firms located within the City but received only 5.7 percent of City contracts, for a disparity ratio of 0.18.

- M/W/DSBEs located within the City represented 46.2 percent of all firms located within the City but received only 7.8 percent of City contracts, for a disparity ratio of 0.13.

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

- **There is overall M/W/DSBE under-utilization, with a disparity ratio of 0.55 for FY 2010**; it is below 1.00 for PPS contracts at 0.33 and SSE contracts at 0.75 and above 1.00 for PW contracts at 1.17.

- The overall disparity ratio of all contract types is largely unchanged from FY 2009 (0.58) to FY 2010 (0.55). Disparity ratios decreased significantly for African Americans and Hispanics in PPS contracts (from 6.26 to 1.58 and from 2.29 to 0.22, respectively).

- At the MSA level, because utilization decreased while availability stayed relatively constant between FY 2009 and FY 2010, disparity ratios decreased for African Americans (from 3.81 to 3.05), Hispanics (from 1.68 to 0.60), and Native Americans from 0.05 to 0.00) from FY 2009 to FY 2010. The disparity ratios for Asian Americans saw a nominal increase, from 0.26 percent in FY 2009 to 0.28 percent in FY 2010.

4.0 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 2010 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 4.1 ("U1"), Table 4.2 ("U2"), and Table 4.3 ("U3")) and availability rates (see Table 4.4 ("A1") and Table 4.5 ("A3")). 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 4.6 ("D1") and Table 4.7 ("D3")).[58]

[58] PW = Public Works contracts. PPS = Personal and Professional Services contracts. SSE = Services, Supplies, and Equipment contracts.

Table 4.1 – FY 2010 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, by Contract Type (by $ Contracts Awarded)

	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
MBE	2.5%	3.3%	12.4%	5.7%	1.9%	12.7%	3.0%	8.4%
WBE	1.7%	2.0%	6.3%	3.2%	0.7%	3.9%	2.5%	2.9%
DSBE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
All M/W/DSBE	4.1%	4.3%	16.8%	7.8%	2.5%	13.8%	3.2%	9.2%

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

Table 4.2 – FY 2010 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, by Contract Type (by $ Contracts Awarded)

	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
MBE	10.9%	5.6%	12.8%	8.7%	5.9%	16.2%	4.4%	11.6%
WBE	8.1%	3.6%	6.8%	5.4%	5.3%	6.6%	3.0%	5.7%
DSBE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
All M/W/DSBE	17.4%	7.8%	17.4%	12.4%	9.3%	18.8%	5.1%	14.2%

Source: OEO Annual Participation Report (FY 2008, FY 2009), Econsult Corporation (2009, 2010)

Table 4.3 – FY 2010 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, by Contract Type (by $ Contracts Awarded)

	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
MBE	14.6%	9.0%	25.8%	14.9%	7.9%	17.6%	4.9%	13.1%
WBE	10.9%	8.3%	8.6%	8.9%	7.8%	9.5%	4.3%	8.2%
DSBE	0.3%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
All M/W/DSBE	21.9%	15.2%	30.4%	20.8%	12.1%	22.9%	6.9%	17.6%

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

Table 4.4 – FY 2010 Availability ("A1") – # M/W/DSBEs Located within the City of Philadelphia, Divided by # Firms Located within the City of Philadelphia, by Contract Type[59]

Category	PW	PPS	SSE	All Contract Types
MBE	X	X	X	24.0%
WBE	X	X	X	X
DSBE	X	X	X	X
All M/W/DSBE	X	X	X	46.2%

Source: US Census Bureau Survey of Business Owners (2002), US Small Business Administration - Philadelphia District Office (2004), Econsult Corporation (2010, 2011)

[59]Availability estimate based on special Philadelphia-only subset of 2002 US Census Bureau Survey of Business Owners data since 2007 data is not yet available.

Table 4.5 – FY 2010 Availability ("A3") Weighted Approach - # M/W/DSBEs > 1 Employee Located within the Philadelphia MSA, Divided by # All Firms > 1 Employee Located within the Philadelphia MSA, by Contract Type[60]

Category	PW	PPS	SSE	All Contract Types
MBE	4.1%	7.3%	8.5%	7.5%
WBE	10.8%	16.3%	14.8%	15.0%
DSBE	X	X	X	X
All M/W/DSBE	14.9%	23.6%	23.3%	22.5%

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

Table 4.6 – FY 2010 Disparity Ratio ("D1") = Utilization ("U1") Divided by Availability ("A1"), by Contract Type

Category	PW	PPS	SSE	All Contract Types
MBE	X	X	X	0.24
WBE	X	X	X	X
DSBE	X	X	X	X
All M/W/DSBE	X	X	X	0.17

Source: Econsult Corporation (2010, 2011); Utilization = OEO Annual Participation Report (FY 2009, FY 2010); Availability = US Census Bureau Survey of Business Owners (2002), US Small Business Administration - Philadelphia District Office (2004)

[60]Availability estimate based on Philadelphia MSA estimates from 2007 US Census Bureau Survey of Business Owners data. See Foot Note 47.

Table 4.7 – FY 2010 Disparity Ratio ("D3") = Utilization ("U2") Divided by Availability ("A3"), by Contract Type

	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
MBE	2.66	0.77	1.51	1.16	2.10	2.41	0.43	1.29
WBE	0.75	0.22	0.46	0.36	0.66	0.37	0.21	0.37
DSBE	X	X	X	X	X	X	X	X
All M/W/DSBE	1.17	0.33	0.75	0.55	0.86	0.76	0.21	0.58

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

Based on these utilization rates and availability rates for FY 2010, we can set participation goals for future years (see Table 4.8).

Table 4.8 – Recommended Citywide Participation Goals, by Contract Type and by M/W/DSBE Category[61]

Category	PW	PPS	SSE	All Contract Types
White Female	U: 7%	U: 6%	U: 5%	U: 6%
Native American	U: 1%	U/A: 0.0%	A: 0.1%	U: 0.3%
Asian American	U: 3%	A: 5%	A: 5%	A: 4%
African American	U: 7%	U: 6%	U: 25%	U: 12%
Hispanic	U: 2%	U/A: 1%	A: 1%	U/A: 1%
All MBE	U: 15%	U: 9%	U: 26%	U: 15%
All WBE	U/A: 11%	A: 16%	A: 15%	A: 15%
DSBE	U: 0.3%	U/A: 0.0%	U/A: 0.0%	U: 0.1%
City-Based M/W/DSBE	U: 8%	U: 9%	U: 1%	U: 8%
All M/W/DSBE	U: 22%	A: 24%	U: 30%	S: 25%

Source: Econsult Corporation (2011)

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 the next section.

Conversely, in cases where actual utilization is greater than actual availability (i.e. the disparity ratio is greater than 1.0, which represents over-utilization), 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

[61] Prefix of "U" = 2010 Utilization Rate > 2010 Availability Rate (i.e. disparity ratio > 1.0).

Prefix of "U/A" = 2010 Utilization Rate = 2010 Availability Rate (i.e. disparity ratio = 1.0).

Prefix of "A" = 2010 Availability Rate > 2010 Utilization Rate (i.e. disparity ratio < 1.0).

Prefix of "S" = Goal > 2010 Utilization Rate and 2010 Availability Rate.

increase the amount of "ready, willing, and able" (RWA) M/W/DSBEs, a recommendation that is further elaborated in the next section.

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 2010 utilization and FY 2010 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.[62]

For recommended citywide participation goals based on FY 2010 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 2010 Availability was 22.5 percent, and FY 2010 Utilization was 20.8 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.

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

[62] 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.

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 over a multi-year period, reaching **M/W/DSBE utilization of at least 25 percent by FY 2014** (see Table 4.9 and Table 4.10).[63]

Table 4.9 – 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 (by $ Contracts Awarded)[64]

	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%	22%	23%	24%	25%
MBE	17.7%	15.7%	14.8%	14.1%	14.9%	15%	15%	15%	15%
WBE	9.9%	10.8%	7.6%	8.6%	8.9%	9%	11%	13%	15%

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

[63] FY 2006 to FY 2009 utilization figures in these two tables are adjusted from those figures published in the FY 2006 to FY 2009 Disparity Studies in the following way: each of those years, there were six waste management contracts, all classified as SSE contracts, that were not previously included in the universe of contracts analyzed as part of the Annual Disparity Study because they represented amendments to existing contracts and not were not contracts awarded in those years.

These contract amounts and M/W/DSBE participation levels were accounted for in these two tables in order to more easily compare M/W/DSBE utilization across years. These results are therefore different from those published in previous Annual Disparity Studies and from FY 2009 results depicted elsewhere in this report.

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

Table 4.10 – 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 (by $ Contracts Awarded)[65]

	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%	22%	22%	22%	22%
PPS	25.8%	27.5%	22.7%	22.9%	15.2%	18%	20%	22%	24%
SSE	22.2%	17.1%	18.6%	12.8%	30.4%	30%	30%	30%	30%

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

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 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 4.11). We would not interpret such ratios above 1.0 as demonstrating over-utilization" but rather "under-availability."[66]

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

[66] 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

Table 4.11 – Disparity Ratios if Recommended FY 2014 Participation Goals are Met and FY 2010 Availability Rates Hold Steady, by Contract Type and by M/W/DSBE Category

Category	PW	PPS	SSE	All Contract Types
White Female	X	X	X	X
Native American	X	X	1.0	X
Asian American	2.1	1.0	0.9	1.1
African American	3.9	2.5	10.9	5.0
Hispanic	1.5	1.1	1.3	0.9
MBE	2.8	1.2	2.9	2.1
WBE	1.2	1.0	1.0	1.0
DSBE	X	X	X	X
City-Based M/W/DSBE	X	X	X	X
All M/W/DSBE	1.3	1.0	1.3	1.2

Source: Econsult Corporation (2010, 2011); Utilization = OEO Annual Participation Report (FY 2009, FY 2010); Availability = US Census Bureau Survey of Business Owners (2002, 2007), US Small Business Administration - Philadelphia District Office (2004)

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.

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.

5.0 RECOMMENDATIONS

Disparity Study recommendations provide a course of action in select categories and guidance for future studies, especially with regards to data collection, study methodology, and analysis scope. The recommendations also incorporate areas that increase and, in some instances, hinder participation levels by Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs), and Disabled Business Enterprise (DSBEs) (collectively known as M/W/DSBEs). The recommendations fall within the following categories: **study methodology and scope, policy and programming, data collection, and management of goal-setting process** as highlighted in the following section (see Table 5.1).

These recommendation categories were selected because they represent factors that impacted the development of the Disparity Study and the City of Philadelphia's ability to achieve the stated participation goals. As a part of the study scope, the recommendation categories are reviewed and modified to ensure applicability and adequacy. The objective is to produce recommendations that are relevant to the City's vision to create a more inclusive economic environment throughout the Philadelphia region.

The recommendations focus on immediate points of concern with the City's Office of Economic Opportunity (OEO) fully transitioning from completing certifications to assuming a more proactive role in business creation and capacity building. The recommendations provide insight to address data related challenges due to the scope of the current Disparity Study. Furthermore, they provide a strategic direction with regards to programmatic and policy actions that support the advancement of M/W/DSBE contractor relationships.

As stated in OEO's Inclusion Works Strategic Plan, "The competition for people and jobs has become global. Cities simply cannot afford to under-utilize or write off entire groups of people. To exclude or hinder participation on the basis of race, ethnicity, gender, or physical disability is not only discriminatory; it is self-defeating." The Annual Disparity Study recommendations provide insight that strengthens **an inclusive economic environment to ensure the fullest participation by all businesses**.

Table 5.1 – FY 2010 Annual Disparity Study Recommendations

Recommendation Category	Category Description	Specific Recommendations
Study Methodology and Scope	Improvement of the study process and areas of focus used to design the study parameters	• Place increased emphasis on the availability side of the disparity discussion • Participate in a joint multi-year, multi-agency disparity study • Incorporate primary and secondary research efforts to obtain more current economic impact data
Policy and Programming	Legislation, advocacy and technical assistance efforts that promote M/W/DSBE participation	• Implement a business attraction program to increase the economic benefit of the participation of M/W/DSBEs located outside of the city • Promote business partnering efforts to increase M/W/DSBE availability and utilization • Continue to grow the value of being a city registered M/W/DSBE • Improve communication to better reflect OEO's strategic shifts • Capitalize on Commerce Department programs to assist M/W/DSBEs in growing their businesses outside of the Philadelphia region • Develop a strategy for M/W/DSBE prime participation • Strengthen the enforcement of the "Commercially Useful Function " to ensure that "front" companies are prohibited from participating in City contracts as M/W/DSBEs
Data Collection	Information sources utilized to calculate utilization and availability	• Leverage the benefits of an integrated reporting system • Incorporate data on "certifiables" • Collect information on successful programming in other jurisdictions
Management of Goal Achievement Process	Assessment of the development, communication and implementation of annual department goals	• Pursue process automation

Source: Econsult Corporation / Milligan & Company (2011)

5.1 Previous Year Recommendations

Over the past five years, Econsult Corporation and the City led the effort to produce the Annual Disparity Study. The continuity of these relationships enables the opportunity to assess the study results and development process from a historical perspective.

The recommendations shed light on **previous areas of improvement while also highlighting advancements to consider for future studies**. The previous year's Annual Disparity Study recommendations led to the implementation of the following actions:

- Study commencement shortly after the close of the fiscal year
- Update the availability rates using the newly published Census data and employing a weighted approach that considers the City's actual distribution of spending by industry
- OEO continues to cultivate a procurement culture that champions M/W/DSBE participation
- Increasing the value of the M/W/DSBE certification status for City registered firms
- Utilize the resources and support of the Economic Opportunity Cabinet and the Commerce and Procurement Departments to advance the efforts of the City's participation objectives

The actions taken to implement the Annual Disparity Study recommendations demonstrate the city's commitment to M/W/DSBE participation and the ongoing effort to improve the region's economic environment. By addressing the concerns raised within the Disparity Study, the report becomes a management tool to provide direction and insight.

5.2 Study Methodology and Scope

5.2.1 Place Increased Emphasis on the Availability Side of the Disparity Discussion

Disparity reflects the ratio of the M/W/DSBE utilization to the M/W/DSBE availability. Due to the scope and the mandate of the City Ordinance 060855-A, the Disparity Study is designed to analyze the utilization of M/W/DSBEs on City contracting opportunities. By focusing primarily on the utilization side of the disparity discussion, minimal emphasis is placed on better understanding the drivers of M/W/DSBE availability such as business capacity, contracting barriers, and the overall impact of an unfavorable business

environment. Given the evolution of the City's long-term vision for participation, there is an emergence of interest to better analyze and identify solutions to address the concern regarding the number of "ready, willing and able" M/W/DSBEs in the Philadelphia Metropolitan Statistical Area.

By better understanding the dynamics that impact the pool of available M/W/DSBEs capable and interested in participating on City contracts, OEO gains valuable insight to better support the needs through technical assistance partnerships, targeted outreach, and contract modifications. The Philadelphia Inquirer reported that nationally, there were 1.9 million black-owned businesses in 2007, up about 60 percent from the 1.2 million in 2002. Philadelphia beat the national average growth for black-owned businesses by reporting an 88 percent increase in black-owned firms during that same time period. While the actual number of firms increased, it is important to note that the Census Bureau categorizes majority of these firms as "non-employer firms," businesses that have no paid employees. According to the Association for Enterprise Opportunity, as of 2008, 88 percent of all small businesses in the United States are micro-enterprises. Given the labor and capital requirements to support the majority of the City contract opportunities, there are few contracts that are able to be won by firms with single employees. This fact speaks to the need to better assess the capacity limitations of M/W/DSBEs.

Additional Benefits of Further Exploring Availability:

- Allows goal-setting to be done in a manner that won't expose a jurisdiction to legal challenges
- Includes more current information than available from Census Bureau
- Allows an assessment of a firm's capacity availability that procurement and registry data don't reveal

The availability of M/W/DSBEs to compete for City contracting opportunities is also impacted by the ability of firms to compete for multiple contracting opportunities. In February 2009, Congress passed the American Recovery and Reinvestment Act (ARRA) providing an additional $275 billion in federal contracts, grants and loans. Within Pennsylvania, a total of 1,344 new contracts were awarded totaling $868 million. Given the constraints of capital and labor, it is plausible to think that ARRA-related contracting opportunities may have crowded out City contracting opportunities, by taking up M/W/DSBE capacity and thus resulting in lower M/W/DSBE availability for City contracts.

In order to fully grasp the myriad of factors that impact the availability of M/W/DSBEs, the Annual Disparity Study must shift the study's emphasis to focus on the underlying business and institutional challenges that impact availability. As stated in the aforementioned observations, the number of M/W/DSBEs only presents a portion of the story. By looking at availability there is a means to gain a deeper understanding regarding business capacity, structural contract barriers and general business climate. To understand these forces the study scope must be expanded to include primary and secondary research efforts drilling further into the questions regarding a firm's capacity and willingness to pursue City contracting opportunities. Additionally, contracting data such as proportion of M/W/DSBEs bidding on contracts must be further analyzed to better understand the impact of contracting requirements on the pool of M/W/DSBEs.

5.2.2 Participate in Joint Multi-Year, Multi-Agency Disparity Study

As stated in the previous recommendation, it is imperative to look at both aspects of the disparity ratio, utilization and availability, to obtain a complete understanding of the factors that drive M/W/DSBE participation. Because of the scope and allocated budget of the Annual Disparity Study currently required by City ordinance, analysis of availability is necessarily streamlined and the focus of the report's results are on the utilization side. A more comprehensive study enables the opportunity to incorporate qualified research and statistical analysis to include local market sector data from an economic, statistical, and sociological perspective.

By participating in a joint disparity study once every few years, the City is able to share the costs of assuming a more extensive study with aligning entities that let contracts to the same pool of M/W/DSBEs. Within our region, the ideal partners for such a study might include the following entities:

- School District of Philadelphia
- Regional Departments of Transportation – PennDOT, NJDOT and DelDOT
- Regional transit agencies – Southeastern Pennsylvania Transportation Authority, New Jersey Transit
- Delaware River Port Authority
- Commonwealth of Pennsylvania Department of General Services

To be sure, these and other entities have different spending patterns. By joining together to complete the Disparity Study, the assumption is not being made that finer levels of detail concerning M/W/DSBE availability are identical across these entities. Nevertheless, there are at least two areas for cost savings through economies of scale. First, some purchasing categories will overlap between entities, so M/W/DSBE availability for those categories will in fact be able to be applied to multiple entities' Disparity Study results. Second, the primary and secondary research efforts that will need to be undertaken to obtain availability data will have significant overlaps, enabling each entity to obtain more information and analyze more comprehensively than if it had to undertake such an effort on its own.

The benefits of an expanded Disparity Study support the City's efforts to increase M/W/DSBE participation by identifying procurement and outreach best practices. An expanded Disparity Study also promotes a sound fiduciary relationship with the local business community to support the efforts of M/W/DSBE participation and reinforces the social responsibility within our region. In addition to sharing the financial burden of an expanded study, this approach unifies the region's efforts to increase participation. The collective study approach results in a win for all participants.

5.2.3 Incorporate Primary and Secondary Research Efforts to Obtain More Current Economic Impact Data

The importance of conducting a more extensive Disparity Study on a periodic basis cannot be overstated. The direction of recent court rulings is towards a narrower tailoring of programming in response to a stricter scrutiny of evidence demonstrating discrimination. Failure to adequately explore the existence of discrimination can expose a jurisdiction to litigation; conversely, a more thorough Disparity Study analysis can provide justification for race- and gender-based remedies.[67]

[67] To be effective, enforceable, and defensible from legal challenges, a race-and gender-based program must meet the judicial test of constitutional "strict scrutiny." Strict scrutiny requires current "strong evidence" of the persistence of discrimination, and any remedies adopted must be "narrowly tailored" to that discrimination. Applying these terms to government contracting programs is complex and constantly changing, and cases are fact specific. Over the past 30 years, federal and state courts have developed parameters for establishing a local government's compelling interest in remedying discrimination and determining whether the programs utilized to remedy that discrimination are narrowly tailored. Engineering Contractors Assoc. of South Florida Inc. v. Metropolitan Dade County (1997) and Associated General Contractors v. Drabik (2000) are examples of recent cases that have helped establish this notion of "strict scrutiny."

For the Annual Disparity Study that the City requires per Ordinance 060855-A, the data sources used are adequate because they emphasize a detailed analysis of utilization. Availability estimates based largely on US Census Bureau data serve as a proxy for a finer sense of the proportion of "ready, willing, and able" firms in particular spending categories that are M/W/DSBEs. However, it makes sense for the City to understand M/W/DSBE availability in a more direct way every five or so years. More extensive primary and secondary research efforts will include interviews and focus groups, collection of business databases, and deeper analyses of the City's own Procurement Department data to gain a deeper understanding of M/W/DSBE availability.[68]

In addition to further honing an understanding of M/W/DSBE availability, particularly at finer levels of spending detail, these efforts also yield useful information to allow the City work with other technical assistance providers to better serve its local M/W/DSBE community in capacity building and job creation. Discussions at the present time should focus on the impact of the current economic climate on M/W/DSBEs, the region's present contracting environment, and available resources to support M/W/DSBEs.[69] These primary research efforts can also yield anecdotal evidence to help identify the extent to which

Disparity studies provide the evidentiary record necessary to support local government's efforts to implement M/W/DSBE policies that comply with the requirements of the courts and to evaluate the extent to which previous programs have assisted M/W/DSBEs to participate on a fair basis in the local government's contracting and procurement activity. In order to adequately document both statistical and anecdotal evidence of business discrimination against M/W/DSBEs in the local government's relevant market area to create narrowly tailored programs requires sufficient data.

In April 2010, the State of New York through the Department of Economic Development released its Disparity Study, "The State of Minority and Women Owned Business Enterprise: Evidence from New York." The results of the 2010 Study measured five years of prime contract and subcontract records that accounted for at least 75% of aggregate contract and subcontract spending around New York State, and for detailed industry categories that collectively accounted for 99% of contract and subcontract spending in excess of $50,000 in certain procurement categories. Utilizing records from a five-year period provides New York State with a more comprehensive data base from which to create better tailored programs in order to address specific business discrimination. Accordingly, the City of Philadelphia should consider a more in-depth disparity study on a periodic basis, whose scope goes beyond the parameters of the Annual Disparity Study, in order to enhance its efforts to remedy the disparities in contracting for M/W/DSBEs.

[68] See Appendix G for a more detailed write-up on why and how to conduct a more extensive Disparity Study, including additional information on data lists and action steps associated with collection of availability data, and additional guidance on the use of Procurement Department data to better understand M/W/DSBE availability.

[69] For the purposes of the FY 2010 Disparity Study, a focus group was convened to cover these very issues. See Appendix I for additional information on this focus group discussion and its resulting salient takeaway points.

instances of disparity between utilization and availability are actually systematic cases of discrimination.[70]

5.3 Policy and Programming

Since the launch of the Inclusion Works Strategic Plan in February 2010, OEO has initiated some structural shifts to better assist M/W/DSBEs in securing contracts, especially with the City of Philadelphia. Rather than focusing its efforts on certifying M/W/DSBEs, OEO, as part of the dynamic economic development engine housed in the Commerce Department, now serves as the primary advocate for M/W/DSBEs in the City and beyond. The OEO FY 2010 annual report highlights some of the accomplishments of the department in the short period since the launch of the Strategic Plan:

- The Mayor's Economic Opportunity Cabinet (EOC) has been active in providing strategic direction to OEO. Monthly meetings focus on topics such as outreach, forecasts, customer service, and enforcement.

- OEO has started strategic alliances with various organizations in its advocacy role.

- The meetings of the OEO Advisory Board have further strengthened the direction OEO has taken thus far, prompting exploration of new means of outreach. The Board will continue to inform OEO of programming and policy ideas for furthering the OEO mission. Board members will also become more active in supporting the advocacy role of OEO.

- OEO officers meet monthly and review new and old business with the OEO portfolio managers to ensure the integrity of the Goal Achievement Process.

[70] The Annual Disparity Study is not a study of discrimination in the participation of M/W/DSBEs in government contracting. Disparity is simply a difference in the rate of utilization of such businesses compared with their availability to provide the goods and services government agencies desire to purchase. Discrimination is action to deny a group the opportunity to obtain business based on prejudice, animus, or other impermissible criteria for decision making.

A disparity in participation might, but need not, reflect discrimination in the contracting process. If a diverse group of equally qualified bidders competes for business, a disproportionate selection of one group over the other will legitimately raise questions of whether factors other than merit might have influenced the selection process. There is a voluminous body of case law that defines the parameters for determining when a disparity is the result of discrimination. Anecdotal evidence is an accepted component of building such a case.

With a new mission, reorganization of staff, development of new infrastructure and establishment of new relationships within and outside the City government, OEO faces new challenges in increasing M/W/DSBE participation by focusing on opportunities. One of the opportunities is further embedding the commitment to M/W/DSBE participation at all levels of government. Integration within all relevant governmental processes will affirm the City's commitment to M/W/DSBE growth as an overall public policy objective.

5.3.1 Implement a Business Attraction Program to Increase the Economic Benefit of the Participation of M/W/DSBEs Located Outside of the City

With the shift from certification to advocacy, OEO has been able to focus its efforts on expanding its directory of M/W/DSBEs to include firms certified by qualified organizations. The directory now includes certified M/W/DSBEs that can participate in the contracting process. This shift has allowed OEO to include a number of non-Philadelphia M/W/DSBEs. As the information in Section 2 of this study indicates, 35 percent of the OEO directory now consists of firms from outside of the MSA, a 10 percent increase from the previous years. This may prove an important entry point for many of these firms into the Philadelphia market and at the same time an opportunity for the City to draw new businesses. As Mayor Nutter's Smart City Smart Choice campaign boasts, Philadelphia is an ideal place for businesses to locate and grow. Philadelphia's relatively low real estate and labor costs afford extensive cost savings to businesses that move to the City. This is further supported by the City's convenient geographic location, abundant cultural amenities and a convenient public transportation infrastructure.

The Commerce Department offers a variety of incentives and assistance to businesses that relocate to Philadelphia. These include job creation tax incentives, real estate tax abatement, various financial products, including tax-exempt bond financing and grants. OEO should undertake a targeted communication effort to M/W/DSBEs located outside of the City of Philadelphia:

- As part of the communication of contracting opportunities to registered M/W/DSBEs, include information about available assistances to businesses

- Highlight the existence of the Local Business Entity (LBE) certification program, which awards five percent bid preference on competitive bids, to encourage M/W/DSBEs to obtain this certification and then to work with prime contractors to highlight this certification in bids and proposals

- Organize an event to introduce available business relocation assistance to M/W/DSBEs located outside the City
- Arrange for one-on-one relocation counseling for firms of a significant size
- Establish a goal for converting firms in the OEO directory to LBEs.[71]

It may also be useful to explore the true availability of City spending categories for which there do not currently exist firms in the OEO directory to provide those products and services. In calendar year 2010, there were 35 commodity codes in which the City spent $100,000 or more where there were no M/W/DSBE firms in the OEO directory identified as being able to do business.[72] These and other spending categories may warrant further outreach to determine if local M/W/DSBE firms do exist, and if not, then if and where else in the US they might exist, so that these procurement opportunities can be properly communicated.[73] Where there are few or no M/W/DSBEs anywhere in the US for a particular spending category, a case can be made to exclude contracts in that category from

[71] As of March 21, 2011, there were 153 certified LBEs in the City of Philadelphia. Forty-one or 27 percent are also included in the OEO directory.

[72] See Appendix J for this table of commodity codes. This is down from 60 commodity codes in which the City spent $100,000 or more where there were no M/W/DSBE firms in the OEO directory identified as being able to do business in 2008. However, the two years cannot be easily compared in this way: because of the extensive use of amendments by the City, for most of those commodity codes from 2008, there was no spending in 2010, so the reduction was not as a result of M/W/DSBEs being found for those commodity codes but rather as a result of those commodity codes not having any activity in 2010; 54 out of 60 commodity codes from 2008 did not have any activity in 2010, and the other six did have activity in 2010 and still did not have any available M/W/DSBE firms in the OEO directory.

[73] See Appendix K for an inventory from the 2007 US Census Bureau Survey of Business Owners of firms, African-American owned firms, Hispanic owned firms, and women owned firms in the US that are in North American Industry Classification System (NAICS) codes that are analogous to these commodity codes. This inventory provides OEO with some sense of how deep the pool of firms in the US is that are qualified to compete for contracts in those commodity codes. Categories in which there are few or no firms may be categories that are prohibitively difficult to find M/W/DSBEs for. In two of these NAICS codes, there were few or no available M/W/DSBE firms within the US as a whole, so these spending categories may be prime candidates for being excluded from Disparity Study calculations.

This appendix also includes an inventory from six selected jurisdictions of the firms in their M/W/DSBE directories that are in NAICS codes that are analogous to these commodity codes. This inventory provides OEO with some sense of where specific M/W/DSBEs may be located, thus guiding OEO's outreach to other jurisdictions in search of qualified M/W/DSBEs for particular contract opportunities. About half of these NAICS codes had many available M/W/DSBE firms within any of the six selected jurisdictions, so these spending categories may be prime candidates for outreach by OEO to these and other jurisdictions to find qualified M/W/DSBEs.

Participation Goals and from the denominator of spending considered in the Annual Disparity Study.

To ensure participation of M/W/DSBEs in commodity codes with significant contract amounts, OEO has and will continue to:

- Compile a list of M/W/DSBEs nationwide based on existing business databases for commodity/NAICS codes with no or limited entry in the directory
- Tabulate the companies by commodity codes and flag by contract opportunities
- Prepare a marketing campaign to inform these firms of contract opportunities in the City
- Dovetail the efforts with the business attraction campaign

5.3.2 Promote Business Partnering Efforts to Increase M/W/DSBE Availability and Utilization

OEO's redefined role in the Commerce Department as an advocate for supporting growth and sustainability of M/W/DSBEs provides a stronger infrastructure to offer the kind of assistance to make M/W/DSBE stronger and capable organizations. One of the approaches is partnerships that will allow M/W/DSBEs with limited capacity to expand their competencies and resources to better perform on contracts. The FY 2010 Annual Disparity Study shows that while the number of contracts awarded to M/W/DSBEs as primes has grown from 115 to 139, constituting 12.3 percent of the awarded contracts in all types, there is still room for growth. Among the common perceptions in the absence of M/W/DSBE prime contractors is capacity. Peer-to-peer activities can often lead to mechanisms for improvement.

Over the past year, OEO has organized a number of events to bring together M/W/DSBEs and other businesses. While many businesses, especially M/W/DSBEs, are focused on the bottom line in a competitive environment, they can't underestimate the value of opportunities for exchange. Perhaps one of the best mechanisms for improving business strategies is to learn from peers. At the same time, such exchanges also allow for the establishment of networks that can lead to more contracting opportunities.

Among OEO's many achievements since the launch of the Inclusion Works Strategic Plan is the expanded partnership with various organizations that serve as advocates for small

business. These include the chambers of commerce representing the ethnic groups in the region (African American, Hispanic, and Asian), Minority Supplier Development Council, Women's Business Enterprise National Council, The Enterprise Center, the Greater Philadelphia Urban Affairs Coalition, the Urban League, the US Small Business Association, the US Department of Commerce, labor unions and immigrant business owners. Many technical assistance providers in the region include some form of networking opportunities in the array of services they provide to M/W/DSBE firms. The Greater Philadelphia Chamber of Commerce, for example, has a minority supplier program that assists firms with identifying opportunities, preparing for the bid process and networking with the contractors. An OEO liaison is assigned to specifically work with non-profits to better cultivate these relationships.

In addition to opportunities that informally support business-to-business alliances, a more structured and somewhat formal arrangement can be extremely beneficial. Based on established programs in other parts of the country, OEO should explore the establishment of a mentor-protégé relationship program that allows M/W/DSBEs to work closely with non-M/W/DSBEs. The premise is a mutually beneficial arrangement whereby the mentor can access more contracting opportunities because of the relationship; the protégé can improve its capacity to take on more extensive contracts.

To promote partnerships that increase M/W/DSBE capacity and contracting success, OEO can:

- Continue hosting events with area business organizations to increase networking opportunities
- Grow the OEO Advisory Board's role in providing perspective on and access to "best practices"
- Increase the number of corporate representatives on the Board to be able to provide practical advice to M/W/DSBEs
- Explore the potential for the establishment of a mentor-protégé program[74]

While OEO's primary focus is increasing M/W/DSBE participation, the ultimate goal remains to help these entities prosper, grow and accumulate wealth. OEO's role as an advocate for

[74] The Pennsylvania Department of Government Services has established a pilot program to encourage the mentor-protégé model as a way of increasing contracting opportunities for M/W/DSBEs. In addition, the US Small Business Administration has a model for a mentor-protégé relationship. OEO can take advantage of these programs to both model its efforts and potentially recommend firms for inclusion in the program.

increasing contract, employment, and ultimately investment opportunities for these organizations, is a means for minorities and women to build wealth. A tested strategy both here in the City and outside of the region is equity participation by M/W/DSBEs. Participation of M/W/DSBEs as equity investors in projects brings both diversity in perspective and an increased support for diverse contracting and employment opportunities. Structural and historical barriers are impediments to an inclusive climate. Barriers include outright discrimination, the accumulation of trust in existing networks that may not account for all available participants, and stark differences in capacity and experience. OEO's role in encouraging and facilitating partnerships is instrumental in ensuring increased equity participation by M/W/DSBEs in the City. Among the actions OEO can take to further support this effort:

- Highlight success stories, such the Philadelphia Water Department's biosolids project that includes an M/W/DSBE firm as an equity partner
- Coordinate workshops and networking activities that focus on investment and wealth building
- Establish better ties with M/W/DSBE investors to encourage their review of opportunities in the City and to connect them to OEO-registered firms

5.3.3 Continue to Grow the Value of Being a City-Registered M/W/DSBE

One of the challenges that OEO has faced in building the new directory of M/W/DSBEs and improving inclusion of such firms in the City's contracting universe is the engagement of firms that, despite their status as M/W/DSBEs as defined by traditional measures, are not in the directory due to lack of certification by any approved organization. These "self-certified" firms are active participants in the economic engine of the City yet have not been duly accounted as the perceived regulatory barriers have discouraged them from being certified. Exclusion of these firms from the participation data distorts the true picture of the City's achievement in awarding more contracts to M/W/DSBEs. OEO should explore options to be able to capture the participation of these firms:

- Develop a database of certifiable firms
    - Initiate a marketing campaign to inform certifiable firms of advantages of certification and listing in the OEO database

  - Assign a special designation to certifiable but not certified firms to be able to account for their participation in City contracting

- Sponsor an annual meet-and-greet event for certifiable firms to provide a more personal view

  - Explore reasons for foregoing certification

  - Provide better information and assistance on becoming certified

Over the last year, OEO has established alliances with a number of entities in the Philadelphia region to further its mission as an advocate for M/W/DSBEs. Building on these alliances, OEO will be in a position to organize events and opportunities for informal information exchange between M/W/DSBEs, non-profits, and quasi-governmental organizations. This will be a starting point for more formalized exchanges. Furthermore, these exchanges facilitate access to these organizations and additional contracting opportunities that the M/W/DSBEs may have not been aware of previously.

While the activities completed and planned since the launch of the Inclusion Works Strategic Plan demonstrate OEO's commitment to promoting interests of M/W/DSBEs in the Philadelphia region, there is yet one important component of the changes taking place that highlights OEO's pro-business role. In 2011, OEO is focusing on **best practices and standardization**. The new focus will institute a cultural shift to serve the business community in the City. This approach will improve the contracting climate for M/W/DSBEs, leading to greater participation.

One of the new requirements for the City that will affect participation and increase contracting opportunities for M/W/DSBEs is the new rule for 49 CFR Part 26 for all recipients of USDOT funding. The new DBE program must include an element to structure contracting requirements to facilitate competition by small business concerns, taking all reasonable steps to eliminate obstacles to their participation, including unnecessary and unjustified bundling of contract requirements that may preclude small business participation in procurements as prime contractors or subcontractors. These include:

- Establishing a race-neutral small business set-aside for prime contracts under a stated amount

- In multi-year design-build contracts or other large contracts (megaprojects) requiring bidders on the prime contract to specify elements of the contract or specific subcontracts that are of a size that small businesses, including M/W/DSBEs, can reasonably perform.

- Identifying alternative acquisition strategies and structuring procurements to facilitate the ability of consortia or joint ventures consisting of small businesses, including M/W/DSBEs, to compete for and perform prime contracts.

- Ensure that a reasonable number of contracts are of a size that small businesses, including M/W/DSBEs, can reasonably prime.

The City, as the recipient of federal DOT funds, must adhere to the new requirements. This creates an opportunity for OEO to fine-tune its efforts by integrating the new requirements in the goal achievement process.

As the ultimate goal of any program targeting small businesses, especially M/W/DSBEs, is to nurture them to success in today's marketplace, it is important to establish these firms' capacities to fair as well or even better outside of the city contracting universe. As part of OEO's advocacy role, and in conjunction with the business-to-business relationship building efforts, OEO will:

- Conduct a survey of OEO directory businesses to establish the extent of their contracts outside of the City, including other government and private contracts; the survey should include questions to serve as the basis for a needs assessment of M/W/DSBEs to allow OEO better tailor its technical assistance and networking programs.

- Coordinate a series of networking programs to:

    - showcase successful M/W/DSBEs with contracts outside of the city government

    - feature speakers from various kinds of organizations to discuss their contracting requirements

    - allow networking among firms for joint venture opportunities

Finally, OEO should highlight its continued efforts to assist M/W/DSBEs in succeeding in the City of Philadelphia. To that end, OEO will continue working with organizations that it has identified as its strategic partners to assist M/W/DSBE with access to technical assistance, credit and working capital. Looking ahead, OEO in enhancing its role as an advocate, should provide more programs in these areas.

5.3.4 Improve Communication to Better Reflect OEO's Strategic Shifts

As noted in the methodology and scope section of the recommendations, a focus group of local representatives from the business community was assembled to leverage the data collected for this study with some actual trends and observations outside of the realm of City government. One of the revelations was that OEO's image is still tainted with the legacy of its predecessor, the Minority Business Enterprise Council (MBEC), and the former certification process. While over the past year, OEO has embarked on alliances and outreach efforts, including media advisories, efforts must continue in improving OEO's image to the world. OEO must thus focus on:

Targeted Communication

In an effort to encourage the top 100 largest black firms, especially those in high-spending categories to consider certification and bidding, the Indianapolis Motor Speedway and NASCAR published an introductory letter in Black Enterprise Magazine.

The State of Indiana works with the Convention and Visitors Bureau to welcome national organizations participating in large-scale events to tout the vibrant local M/W/DSBE scene as an expression of the State's commitment to supplier diversity.

- Promoting the kickoff of the annual disparity study to reaffirm the City's commitment to increasing M/W/DSBE participation and communicating the importance of the study in accountability and measurement
- Developing a regular calendar of outreach to M/W/DSBEs for contract opportunities
- Engaging the members of the OEO Advisory Board as liaisons to the M/W/DSBE community to inform them of upcoming pre-bid opportunities and assisting them throughout the bidding process
- Improving customer service as part of the best practices and standardization strategy. This includes:
    - Response time to inquiries fielded regarding contract opportunities and registration issues

- Prioritization of inquiries and establishment of a standard response time

- Continued media relations efforts, including development of media-specific dashboard

5.3.5 Capitalize on Commerce Department Programs to Assist M/W/DSBEs in Growing their Businesses Outside of the Philadelphia Region, Including the International Arena

As a strategy to grow and enable M/W/DSBEs, OEO will take advantage of its position in the Commerce Department with access to economic development programs. It is imperative that OEO activities are in support of the growth of the City's economy and creating/maintaining local employment. Assisting M/W/DSBEs reach new markets for their products and services is a novel approach to strengthening the City's economy.

Among activities that OEO should undertake to this end is exploring M/W/DSBE capabilities for entering global markets. What some M/W/DSBEs lack in current business capacity they may more than make up for in the depth of social, cultural, and commercial connections to such emerging markets as China, Brazil, India, Mexico, and South Africa.

The Commerce Department's International Division is committed to facilitating opportunities for local businesses in the international arena. In conjunction with many regional partners promoting trade, the City works to stimulate economic development in the region and promote direct investment and international trade. The range of available programs includes:

- **Technical Assistance by the Philadelphia Trade Office -** Provides technical assistance to businesses seeking expansion globally through a number of partnerships, including other governmental export providers, business chambers, business councils, and trade offices. The Office organizes and promotes seminars and workshops on the specifics of exporting, federal trade programs and initiatives, and export-market opportunities.

- **Export Financing** through partnership with the Export-Import Bank of the United States (Ex-Im Bank) offering financial assistance to small to medium-sized firms in more than 140 countries. Ex-Im Bank is the official export credit agency of the US government offering financing opportunities worldwide, whose mission is to

support US jobs through exports. Its trade financing support enables US companies to successfully compete in the international marketplace through the use of export loans, guarantees, and credit insurance.

- **Sister Cities and Partnership City Relationships Program** promotes the City of Philadelphia abroad through business, cultural, and educational exchanges. The program focuses on promoting economic ties while strengthening cultural understanding.

To assess the readiness of M/W/DSBEs, OEO can use a brief assessment tool developed as part of this study.[75] The assessment will allow both OEO and the interested firm to review strengths and weaknesses to be able to take advantage of the most appropriate program offered through the Department of Commerce.

5.3.6 Develop a Strategy for M/W/DSBE Prime Participation

As noted previously, in FY 2010, 12.3 percent of all City contracts were primed by M/W/DSBEs, up from 9.9 percent in FY 2009. However, M/W/DSBEs continue to prime smaller contracts than non-M/W/DSBEs, as their average contract size was $240,000, versus $600,000 for non-M/W/DSBEs.

It is key that the City incorporate procurement strategies for prime contracts that increase the number of M/W/DSBE primes, but also works collectively with the City departments to pursue opportunities to grow M/W/DSBE contract dollars by addressing contracting barriers such as bonding, working capital and access to labor. Further exploration of the mentor-protégé relationships and other partnership opportunities as a means of increasing contracting dollars is also noteworthy.

5.3.7 Strengthen the Enforcement of the "Commercially Useful Function" to Ensure that "Front" Companies are Prohibited from Participating in City Contracts as M/W/DSBEs

Developing an effective monitoring and enforcement mechanism are key elements to ensure that "fronts" (non-M/W/DSBEs posing as M/W/DSBEs) are eliminated from City

[75] See Appendix L for a copy of this assessment tool.

contracts. The following elements are recommended for strengthening the monitoring and enforcement mechanism for commercially useful functions.

Participation Statement
Monitoring starts when prime contractors with anticipated M/W/DSBE participation complete a form statement outlining the scopes of work the M/W/DSBE will perform on the contract. This should also include the contract amount and the specific work to be done by the M/W/DSBE. This information will be verified with the type of work the firm is certified to perform as an M/W/DSBE.

Commitment Approvals
Once the prime contractor submits the participation statement, it should be reviewed for percentage participation credit toward the contract goal. Once approved, the participation statement will no longer be considered the anticipated M/W/DSBE participation or goal, but rather a contractual commitment. Contractual commitment language should be communicated to the prime contractor and used internally by City agencies in all future correspondence regarding M/W/DSBE participation. Using contractual commitment language moves away from the concept of continuing to make good faith efforts to adhering to contract requirements which carry consequences when not met. Contractors should also need to get approval prior to any dismissal or substitution of an M/W/DSBE committed to performing work on a project.

Ongoing Monitoring
The best line of defense for preventing fronts entering the system is a strong certification process. However, the City does not certify firms any longer, and the certification process does not expose front companies. A company attempting to circumvent the program is not often discovered until the company performs work on an actual contract. Therefore, project monitoring is an essential component for front and fraud detection and prevention. Monitoring during the course of the project should verify that the M/W/DSBE is responsible for the execution of a distinct element of work and carries out its responsibilities by actually performing, managing and supervising the work.

Effective monitoring systems include reviewing subcontract agreements (sampling when necessary) to understand the type of work the M/W/DSBE is contracted to perform and any inherent control or independence issues written into them. Onsite visits should verify that the work is actually being performed by the M/W/DSBE. Onsite visits should review the M/W/DSBE's management, workforce, equipment, materials and performance of work. Use of existing onsite personnel such as project managers, resident engineers, inspectors, etc. can be useful to reduce the need for additional resources. As a best practice, onsite personnel are trained on program requirements and given pocket sized "commercially useful function cards" that highlight red flags in the performance of work. Other practices

include reviewing inspector and labor compliance/payroll reports for a record when the M/W/DSBE was at the project site and who is paying the workforce.

Feedback
The proper authorities should be notified when irregularities are noticed in the performance of work. Because the City no longer certifies firms, formalized communication between contract compliance and certification entities is recommended. Many firms put their best foot forward during the certification process, and it is once they start performing that some issues of independence and control start to surface. Having a solid feedback loop to the certifying entities so they can perhaps take another look when these issues arise is a good practice.

Enforcement Action
No rule is effective without an enforcement mechanism. Convey to the prime contractor that failure to adhere to the contract requirements can be considered a breach of contract. Since M/W/DSBE participation is a contractual commitment, this breach would include failure to meet participation, fostering front companies, etc. Legal remedies should be included in prime contracts and subcontracts explaining actions that can be taken to include cure notices, termination, suspension, debarment and prosecution when M/W/DSBE program requirements are violated.

5.4 Data Collection

5.4.1 Leverage the Benefits of an Integrated Reporting System

Participation reporting has been a fragmented process. City departments use different systems for tracking purposes. This has often impeded real-time capturing and reporting of data. In addition, to some extent, participation may be underreported. Better data capturing and updating has been on the forefront of OEO agenda. OEO has invested in contracting for a new system for an Electronic Registry and Participation Compliance Tracking to streamline the city-wide data gathering for M/W/DSBE participation. With the implementation of the new system, OEO will clearly improve the process.

Despite great progress in capturing data, two aspects still need to be clearly addressed to show the City's progress in contracting with M/W/DSBEs. One is better capturing the actual dollar amounts of actual payments to M/W/DSBE firms. The current analysis, based on the information compiled by operating departments, only indicates the dollar amount based on the contracts awarded by category and type. Actual amount earned and received by

subcontractors is not captured in this analysis as the focus of the current system is at the initial award level. While this may indicate City's ability to influence participation, it does not tell the whole story of the economic opportunities generated by City's procurement activities.

Tracking of the actual dollar amounts disbursed is best captured at the purchase order/actual payment level. With the new system, OEO will be able to capture a more accurate picture of participation in the City based on the actual dollar value that trickled down to the M/W/DSBEs.

The other aspect of the current system that may skew participation results is that it does not allow for capturing the participation at different levels. For example, a business owned by a minority woman is only labeled as one or the other, although it qualifies as both. While one must be cognizant of double-counting issues, pegging a company as only one type may not accurately impact the participation analysis.

Implementation of the new reporting system will certainly have some impacts on the data generated for future Annual Disparity Studies. OEO should be particularly attentive to this phenomenon in reviewing the information and drawing policy and organizational directives for charting the course of its actions in the next few years.

5.4.2 Incorporate Data on "Certifiables"

Participation levels of M/W/DSBEs in City contracts are currently based on contracts awarded to firms that have pursued certification and are thus included in the OEO directory. Contracts awarded to firms that are M/W/DSBEs but lack any type of certification are not captured in the data used for determining the level of participation. Although many departments have attempted to correct this by manually reviewing the lists and flagging the firms for inclusion in the participation data sets, there is a great potential that many firms are missed.

Another two categories of companies that are not included in the current Disparity Study analyses are publicly traded companies and M/W/DSBEs that have been purchased by non-M/W/DSBEs. It is possible that the City is doing business with firms that are largely controlled by minorities, women or disabled persons. However, due to the limitation imposed by ownership, the data are not accurately captured, although this is a relatively rare occurrence.

To better capture this information, OEO should explore the potential for developing a database of "certifiables" linked to the new participation tracking system. In this manner, M/W/DSBE firms that are not included in the OEO directory will be included in the participation count. OEO's goal remains to include these firms in its directory. To that end, the policy and programming recommendations includes specific actions that OEO should pursue.

5.4.3 Collect Information on Successful Programming in Other Jurisdictions

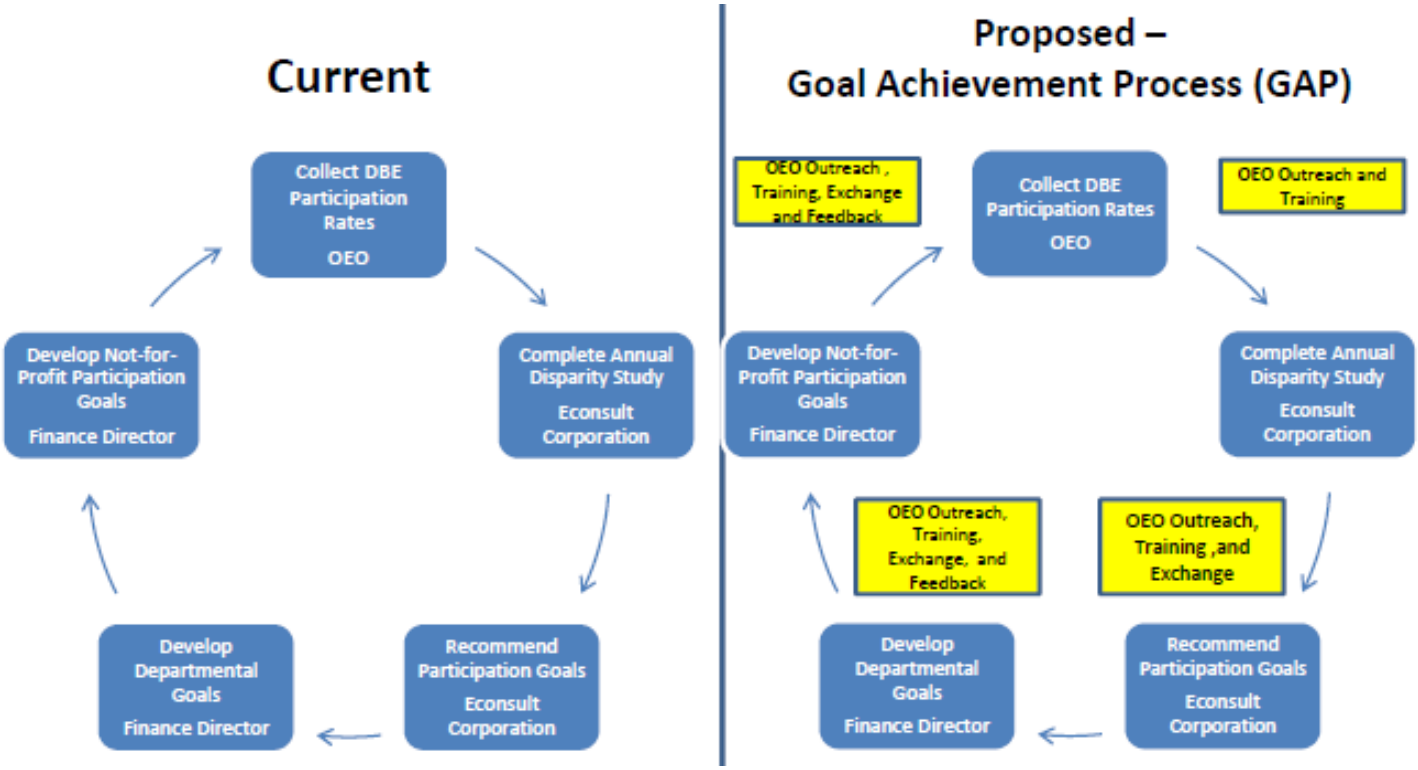
While OEO has made great strides in improving the contracting environment for M/W/DSBEs, there are always strategies that can make policies stronger and implementation more effective. As part of the Annual Disparity Studies conducted in the past several years, OEO has become more informed of activities other jurisdictions and organizations have undertaken to be better advocates for M/W/DSBE growth. This external review should continue. In particular, OEO should further explore activities in Atlanta, Cleveland, Denver, Kansas City, and Milwaukee, as these five jurisdictions all recently completed Disparity Studies as a pre-cursor to implementing or refreshing programs designed to address disparity in contracting.

5.5 Management of Goal Setting Process

5.5.1 Pursue Efforts to Leverage Automation of the Goal Achievement Process

The goal-setting process establishes the amount of M/W/DBE participation that is believed achievable given the past and projected contract spending and the pool of available contractors able to fulfill the requested goal. The OEO Strategic Plan recommended the implementation of the Goal Achievement Process (GAP), a proactive, annual goal-setting initiative that supports City departments with their goal setting and M/W/DSBE contractor engagements. GAP is an interactive goal setting process that partners department OEO officers with OEO staff and liaisons to establish annual goals based on procurement realities. The following chart shows the City's goal setting process before and after the implementation of GAP (see Figure 5.1). The key difference is the active role that OEO plays in partnership with the operating departments.

Figure 5.1 – M/W/DSBE Goal-Setting Process Before and After Implementation of Goal Achievement Process



Source: Milligan & Company (2008)

Since the inception of GAP, this effort has been further modified to incorporate additional staff support and further departmental engagement, heightening the awareness of the City's desire to foster an economic environment that promotes M/W/DSBE participation. As a result of OEO's repositioning from a processor of certifications to change agent charged with championing the City's participation efforts, OEO established the following roles:

- OEO Officers – Representatives from the individual departments who in partnership with OEO maximize the level of participation on bids/RFPs throughout the year.

- Information Management Analyst – An OEO staff member who on a quarterly basis captures the participation on contracts and transactions of less than $30,000 for City departments, quasi-government agencies and federally funded projects.

While the initial GAP process emphasized the need for goal progress touch points, OEO leadership has taken the effort further by formalizing goal tracking and planning meetings. During the first quarter of each calendar year, the OEO Executive Director, the Information Management Analyst and the OEO Liaison meet with the Department Head, OEO leadership, and other department staff to review the Annual Participation Report for the previous fiscal year as well as Participation Reports for the first six months of the current fiscal year. These discussions provide an opportunity to review participation past performance, plan for upcoming procurements and continue to deliver the message that the City is committed to increasing the participation of M/W/DSBEs.

Even with these personnel changes, GAP continues to be a highly manual, labor intensive process that exists with reporting flaws due to inconsistencies in interpretation and simple manual entry errors. To address these shortfalls, we recommend that the City leverage the benefits of the integrated reporting system to utilize reporting that captures current and past performance, and simplifies trend analysis at the individual department and city-wide levels.

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

A.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 2010 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", "Metro", 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/metro-city/0312msa.txt. The counties included in the MSA are:

- Burlington County, NJ
- Gloucester County, NJ
- Chester County, PA
- Montgomery County, PA
- New Castle County, DE
- Salem County, NJ
- Camden County, NJ
- Bucks County, PA
- Delaware County, PA
- Philadelphia County, PA
- Cecil County, MD

[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.

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 "Metro", 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 "Metro" categories were counted under the third category, "All".

5. Although this was not the case for the FY 2010 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 "Metro" we separated all contract awards by the gender or ethnicity of the firm's owner in order to obtain the total contract amounts applicable to each category in the Utilization table.

7. We performed the same steps in order to assign a vendor location to each vendor and to sum up the total contract amounts for each ethnic or gender category for each of the contract types listed in this report.

8. In order to present the data in the format required by 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 Order Purchases (MOP)

    e. Small Order Purchases (SOP)

A.2 Availability

A.2.1 US Small Business Administration, Philadelphia District Office (Used for Availability "A1")

In 2004, the Philadelphia District Office of the US Small Business Administration produced counts of firms by ethnicity and gender for Philadelphia County, through a special data request from the 2002 US Census Bureau Survey of Business Owners (SBO). These data do not appear to be publicly available, but were made available to Econsult Corporation through OEO. These data enable a calculation of availability at the City level, which, when matched with utilization at the City level, allows us to produce a disparity ratio sized to the City level.

Note that this data set only provides a count of firms, without any qualifying information that would help determine which firms are "ready, willing, and able." Note also that the data used in this report are from the 2002 SBO; a special data request for Philadelphia-specific data has not yet been made for the 2007 SBO.

A.2.2 US Census (Used for Availability "A2," "A3," "A4," "A5")

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.

The US Census Bureau is in the process of releasing data for the 2007 SBO. As of the time this report was being produced, 2007 data were available for only African-American, Hispanic, and Women-owned businesses, and so 2007 data were used in this report for those M/W/DSBE categories. 2007 Native-American and Asian-American data are expected to be released later in 2011, but were not available as of the time this report was being produced, and so 2002 data were used in this report for those M/W/DSBE categories.

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

http://factfinder.census.gov/servlet/EconSectorServlet?caller=dataset&sv_name=2007+Survey+of+Business+Owners&_SectorId=*&ds_name=EC0700A1

We used the following unweighted 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 Metro Area" and click OK on the right. The datasets available for the Philadelphia Metropolitan Statistical Area (MSA) will appear in the window below.

5. 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. In order to collect Availability data that adequately corresponds to the three contract types identified in the Utilization calculations, namely Public Works; Personal and Professional Services and; Services, Supplies, and Equipment, we associated each contract type with one or more industry sectors as classified by the North American Industry Classification System (NAICS) (see Table A.1).

Table A.1 – Contract Type by NAICS Code (Unweighted Approach)

Contract Type	NAICS Industry Sector Code and Description
Public Works (PW)	23, Construction 31-33, Manufacturing 48-49, Transportation and Warehousing
Personal and Professional Services (PPS)	52, Finance and Insurance 53, Real Estate and Rental Leasing 54, Professional, Scientific, and Technical Services 61, Educational Services 62, Health Care and Social Assistance 71, Arts, Entertainment, and Recreation 81, Other Services (Except Public Administration)
Supplies, Services, and Equipment (SSE)	44 – 45, Retail Trade 42, Wholesale Trade 51, Information 56, Administrative and Support and Waste Management and Remediation Services 72, Accommodation and Food Services

Source: Econsult Corporation (2011)

7. 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.

A.2.3 Procurement Department Vendor List (Used for Availability "A6" and "A7")

Another way that we chose to study the availability of firms in the Philadelphia MSA was to look at all the firms that have registered with the City's Procurement 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 "Metro" category or not. By compiling a database of all zip codes of the counties included in MSA and by comparing each vendor zip code against that database, we were able to determine the count and breakdown all vendors on the Procurement 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 "Metro" 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 are not included in the Procurement Department's Vendor List. Further, such Vendor List could not be obtained because the e-contracts department does not maintain such a list.

4. By using a pivot table to analyze these records, we were able to calculate the total number of firms under the minority- or women-owned businesses classification categories.

5. By using these data, there were two different ways of approaching the disparity ratio: either by comparing the total number of 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.

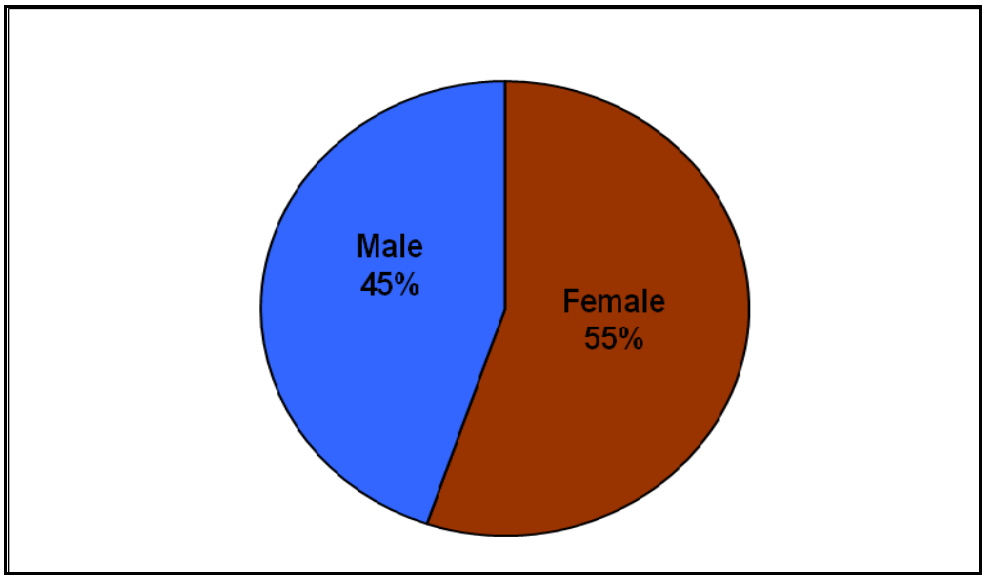
APPENDIX B: DISPARITY STUDY DATASET AND RELATED FILES

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 4th Qt FY 10 Report.xls".
"OEO Vendors with Race FY 2010"	MS Excel (.xls)	The original file provided to Econsult by OEO listing all current registered vendors.
"OEO Contract Participation 4th Qt FY09 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 Metro 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 2002 or 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 (2011)

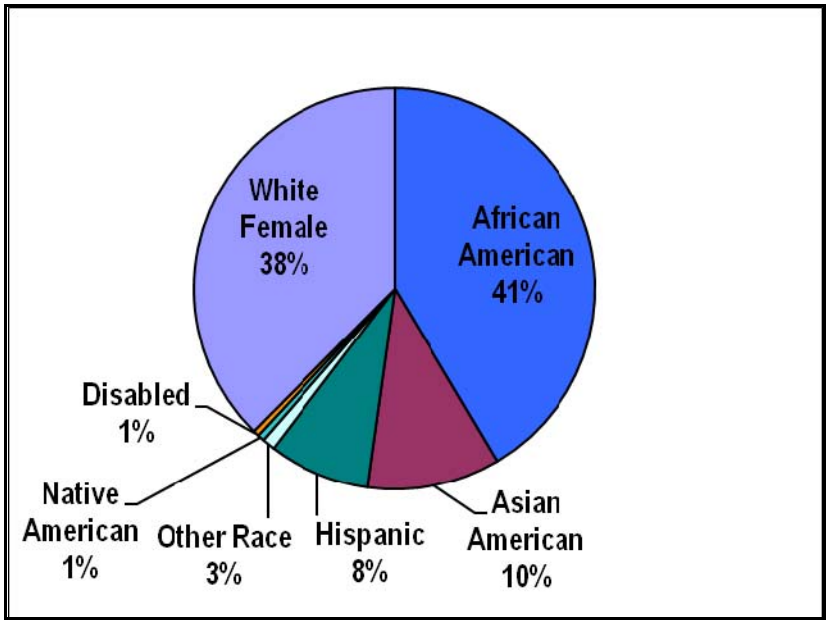
APPENDIX C: DISTRIBUTION OF OEO-REGISTERED FIRMS

Figure C.1 – January 2011 Distribution of OEO-Registered Firms by Gender



Source: City of Philadelphia Office of Economic Opportunity (2011), Econsult Corporation (2011)

Figure C.2 – January 2011 Distribution of OEO-Registered Firms by Ethnicity



Source: City of Philadelphia Office of Economic Opportunity (2011), Econsult Corporation (2011)

Table C.1 – Distribution of OEO-Registered Firms by State (as of January 2011)

State	Number of Firms	% of Directory
Pennsylvania	1,103	67.2%
New Jersey	251	15.3%
Maryland	45	2.7%
New York	44	2.7%
Delaware	33	2.0%
Virginia	24	1.5%
Illinois	17	1.0%
Washington, D.C.	15	0.9%
Florida	15	0.9%
Georgia	15	0.9%
Texas	14	0.9%
Massachusetts	12	0.7%
California	10	0.6%
Michigan	7	0.4%
North Carolina	7	0.4%
Indiana	4	0.2%
Ohio	4	0.2%
Missouri	3	0.2%
Tennessee	3	0.2%
Connecticut	2	0.1%
South Carolina	2	0.1%
Alabama	1	0.1%
Arizona	1	0.1%
Colorado	1	0.1%
Kentucky	1	0.1%
Minnesota	1	0.1%
New Hampshire	1	0.1%
Oklahoma	1	0.1%
Oregon	1	0.1%
Rhode Island	1	0.1%
Utah	1	0.1%
Washington	1	0.1%

Source: City of Philadelphia - Office of Economic Opportunity (2011), Econsult Corporation (2011)

Table C.2 – Distribution of OEO-Registered Firms by Industry by Location of Firm (as of January 2011)

Contract Type	City		Metro		US	
	#	%	#	%	#	%
PW	294	17.9%	489	29.8%	761	46.4%
PPS	362	22.1%	612	37.3%	980	59.8%
SSE	175	10.7%	283	17.3%	414	25.2%
All Contract Types	626	38.2%	1,060	64.6%	1,641	100.0%

Source: City of Philadelphia - Office of Economic Opportunity (2011), Econsult Corporation (2011)

Table C.3 – Distribution of OEO-Registered Firms by Industry by M/W/DSBE Category (as of January 2011)

Contract Type	MBE		WBE		DSBE		M/W/DSBE	
	#	%	#	%	#	%	#	%
PW	466	28.4%	399	24.3%	5	0.3%	761	46.4%
PPS	604	36.8%	546	33.3%	5	0.3%	980	59.8%
SSE	272	16.6%	226	13.8%	4	0.2%	414	25.2%
All Contract Types	1014	61.8%	905	55.2%	10	0.6%	1,641	100.0%

Source: City of Philadelphia - Office of Economic Opportunity (2011), Econsult Corporation (2011)

Table C.4 – Change in Distribution of OEO-Registered Firms by Location of Firm (January 2010 to January 2011)

		As of January 2010			Additions since Jan 2010			Subtractions since Jan 2010			As of January 2011		
		City	Metro	US	City	Metro	US	City	Metro	US	City	Metro	US
MBE - African American	Male	208	289	392	37	59	91	8	13	14	240	340	474
MBE - Hispanic or Latino	Male	32	49	84	4	6	22	0	1	1	38	54	104
MBE - Asian	Male	26	59	104	6	11	30	0	0	0	29	66	132
MBE - Native American	Male	0	0	3	0	0	2	0	0	0	0	1	6
MBE - Other	Male	1	6	12	1	1	1	0	0	0	4	9	15
MBE - Total	Male	267	403	595	48	77	146	8	14	15	311	470	731
WBE - White	Female	148	304	486	26	81	145	5	9	15	170	378	616
WBE - African American	Female	112	152	187	14	16	29	4	4	6	115	159	206
WBE - Hispanic or Latino	Female	8	15	24	2	3	9	0	0	0	9	17	30
WBE - Asian	Female	14	21	31	2	6	13	0	0	2	17	28	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	283	494	733	44	106	196	9	13	23	312	584	901
White	Female	148	304	486	26	81	145	5	9	15	170	378	616
Native American	M&F	1	1	6	0	0	2	0	0	0	1	2	9
Asian American	M&F	40	80	135	8	17	43	0	0	2	46	94	176
African American	M&F	320	441	579	51	75	120	12	17	20	355	499	680
Hispanic	M&F	40	64	108	6	9	31	0	1	1	47	71	134
Other	M&F	1	7	14	1	1	1	0	0	0	4	10	17
All MBE	M&F	402	593	842	66	102	197	12	18	23	453	676	1016
All	Female	283	494	733	44	106	196	9	13	23	312	584	901
Disabled	M&F	4	4	6	0	1	2	0	0	0	4	6	10
All M/W/DSBE	M&F	552	901	1334	92	184	344	17	27	38	626	1,060	1,641

Source: City of Philadelphia Office of Economic Opportunity (2011), Econsult Corporation (2011)

Table C.5 – Change in Distribution of OEO-Registered Firms by Location of Firm (January 2010 to January 2011)

	As of January 2010			Additions since Jan 2010			Subtractions since Jan 2010			As of January 2011		
	City	Metro	US	City	Metro	US	City	Metro	US	City	Metro	US
PW	256	399	593	44	95	176	9	11	16	294	489	761
PPS	315	520	777	54	107	223	9	17	23	362	612	980
SSE	156	248	350	24	9	82	6	9	13	175	283	414
No Contract Type	21	40	56	5	1	9	1	1	1	25	46	64
Total	552	901	1,334	92	184	344	17	27	38	626	1,060	1,641

Source: City of Philadelphia Office of Economic Opportunity (2011), Econsult Corporation (2011)

APPENDIX D: 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 Figure D.1 through D.10).

- 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 D.15). We also provide utilization goals and actuals by department, compared to FY 2009 (see Table D.12) and over three years (see Table D.14), and displaying the geographic location of M/W/DSBE utilization (see Table D.14). We also account for the distribution of contracts by M/W/DSBE type (see Table D.15). 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 D.16) and the number of contracts participated in by various M/W/DSBEs (see Table D.17).

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 D.1 – FY 2010 Utilization of M/W/DSBEs, by Contract Type, by Location of M/W/DSBE, and by M/W/DSBE Category (by $ Contracts Awarded)[77]

		PW			PPS			SSE			All Contract Types		
Ethnicity	Gender	City	Metro	US	City	Metro	US	City	Metro	US	City	Metro	US
White	Female	1.6%	6.5%	7.0%	1.0%	2.2%	6.2%	4.4%	4.5%	4.6%	2.1%	3.7%	5.9%
Native American	M&F	0.0%	0.0%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%
Asian American	M&F	1.3%	2.8%	3.1%	0.2%	1.3%	1.9%	0.0%	0.0%	0.4%	0.3%	1.2%	1.7%
African American	M&F	0.8%	5.8%	7.3%	3.0%	3.8%	6.2%	12.1%	12.5%	25.1%	5.2%	6.7%	11.8%
Hispanic	M&F	0.4%	2.3%	2.3%	0.1%	0.2%	0.6%	0.3%	0.3%	0.3%	0.2%	0.6%	0.9%
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	2.5%	10.9%	14.6%	3.3%	5.6%	9.0%	12.4%	12.8%	25.8%	5.7%	8.7%	14.9%
Disabled	M&F	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
All	Female	1.7%	8.1%	10.9%	2.0%	3.6%	8.3%	6.3%	6.8%	8.6%	3.2%	5.4%	8.9%
All M/W/DSBE	M&F	4.1%	17.4%	21.9%	4.3%	7.8%	15.2%	16.8%	17.4%	30.4%	7.8%	12.4%	20.8%

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

[77] 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 D.2 – FY 2010 Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, by Contract Type and by Location of M/W/DSBE (by $M Contracts Awarded)

Location of M/W/BSBE	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
All City	$4.8	$7.3	$49.8	$46.4	4.1%	4.3%	16.8%	7.8%	2.5%	13.8%	3.2%	9.2%
In Metro But Outside City	$15.7	$6.0	$1.5	$27.1	13.3%	3.5%	0.5%	4.6%	6.8%	5.0%	1.9%	5.0%
All Metro	$20.5	$13.3	$51.3	$73.5	17.4%	7.8%	17.4%	12.4%	9.3%	18.8%	5.1%	14.2%
In US But Outside Metro	$5.3	$12.7	$38.4	$49.6	4.5%	7.4%	13.0%	8.4%	2.8%	4.1%	1.8%	3.4%
All US	$25.8	$25.9	$89.7	$123.1	21.9%	15.2%	30.4%	20.8%	12.1%	22.9%	6.9%	17.6%
Non-M/W/DSBE	$92.2	$144.7	$205.8	$468.8	78.1%	84.8%	69.6%	79.2%	87.9%	77.1%	93.1%	82.4%

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

Table D.3 – FY 2010 Utilization of For-Profit White Female Prime Contractors and Sub-Contractors, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, by Contract Type and by Location of White Female Firm (by $M Contracts Awarded)

Location of White Female Firm	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
All City	$1.9	$1.7	$13.1	$12.4	1.6%	1.0%	4.4%	2.1%	0.6%	1.1%	0.2%	0.9%
In Metro But Outside City	$5.8	$2.1	$0.3	$9.7	4.9%	1.2%	0.1%	1.6%	2.8%	1.5%	0.4%	1.6%
All Metro	$7.6	$3.8	$13.4	$22.1	6.5%	2.2%	4.5%	3.7%	3.4%	2.6%	0.6%	2.5%
In US But Outside Metro	$0.6	$6.8	$0.1	$12.6	0.5%	4.0%	0.0%	2.1%	0.7%	2.7%	1.3%	2.0%
All US	$8.2	$10.6	$13.5	$34.7	7.0%	6.2%	4.6%	5.9%	4.1%	5.3%	1.9%	4.5%
Non-White Female	$109.7	$160.0	$281.9	$557.1	93.0%	93.8%	95.4%	94.1%	95.9%	94.7%	98.1%	95.5%

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

Table D.4 – FY 2010 Utilization of For-Profit Native American Prime Contractors and Sub-Contractors, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, by Contract Type and by Location of Native American Firm (by $M Contracts Awarded)

Location of Native American Firm	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
All City	$0.0	$0.0	$0.0	$0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
In Metro But Outside City	$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 Metro	$0.0	$0.0	$0.0	$0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
In US But Outside Metro	$1.7	$0.0	$0.0	$1.7	1.4%	0.0%	0.0%	0.3%	1.7%	0.0%	0.0%	0.5%
All US	$1.7	$0.0	$0.0	$1.7	1.4%	0.0%	0.0%	0.3%	1.7%	0.0%	0.0%	0.5%
Non-Native American	$116.3	$170.6	$295.5	$590.2	98.6%	100.0%	100.0%	99.7%	98.3%	100.0%	100.0%	99.5%

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

Table D.5 – FY 2010 Utilization of For-Profit Asian American Prime Contractors and Sub-Contractors, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, by Contract Type and by Location of Asian American Firm (by $M Contracts Awarded)

Location of Asian American Firm	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
All City	$1.5	$0.3	$0.0	$1.9	1.3%	0.2%	0.0%	0.3%	0.0%	0.2%	0.0%	0.1%
In Metro But Outside City	$1.8	$2.0	$0.0	$5.3	1.5%	1.2%	0.0%	0.9%	0.0%	1.5%	0.1%	1.3%
All Metro	$3.3	$2.3	$0.0	$7.3	2.8%	1.3%	0.0%	1.2%	0.0%	1.7%	0.1%	1.4%
In US But Outside Metro	$0.4	$0.9	$1.0	$2.5	0.3%	0.5%	0.4%	0.4%	1.9%	0.4%	0.0%	0.4%
All US	$3.7	$3.2	$1.0	$9.8	3.1%	1.9%	0.4%	1.7%	1.9%	2.1%	0.1%	1.8%
Non-Asian American	$114.3	$167.4	$294.4	$582.1	96.9%	98.1%	99.6%	98.3%	98.1%	97.9%	99.9%	98.2%

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

Table D.6 – FY 2010 Utilization of For-Profit African American Prime Contractors and Sub-Contractors, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, by Contract Type and by Location of African American Firm (by $M Contracts Awarded)

Location of African American Firm	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
All City	$1.0	$5.1	$35.6	$30.6	0.8%	3.0%	12.1%	5.2%	1.1%	10.6%	2.8%	6.9%
In Metro But Outside City	$5.9	$1.3	$1.3	$9.0	5.0%	0.8%	0.4%	1.5%	0.5%	1.3%	1.3%	1.1%
All Metro	$6.9	$6.5	$36.9	$39.5	5.8%	3.8%	12.5%	6.7%	1.6%	11.9%	4.1%	8.0%
In US But Outside Metro	$1.7	$4.1	$37.2	$30.3	1.5%	2.4%	12.6%	5.1%	0.1%	0.9%	0.2%	0.6%
All US	$8.6	$10.5	$74.1	$69.8	7.3%	6.2%	25.1%	11.8%	1.7%	12.8%	4.3%	8.6%
Non-African American	$109.4	$160.0	$221.4	$522.1	92.7%	93.8%	74.9%	88.2%	98.3%	87.2%	95.7%	91.4%

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

Table D.7 – FY 2010 Utilization of For-Profit Hispanic Prime Contractors and Sub-Contractors, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, by Contract Type and by Location of Hispanic Firm (by $M Contracts Awarded)

Location of Hispanic Firm	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
All City	$0.5	$0.2	$1.0	$1.5	0.4%	0.1%	0.3%	0.2%	0.7%	1.8%	0.2%	1.2%
In Metro But Outside City	$2.2	$0.1	$0.0	$2.3	1.9%	0.0%	0.0%	0.4%	1.8%	0.5%	0.1%	0.8%
All Metro	$2.7	$0.3	$1.0	$3.8	2.3%	0.2%	0.3%	0.6%	2.5%	2.3%	0.3%	2.0%
In US But Outside Metro	$0.0	$0.8	$0.0	$1.4	0.0%	0.5%	0.0%	0.2%	0.0%	0.1%	0.0%	0.1%
All US	$2.7	$1.1	$1.0	$5.2	2.3%	0.6%	0.3%	0.9%	2.5%	2.4%	0.3%	2.1%
Non-Latino	$115.3	$169.5	$294.5	$586.7	97.7%	99.4%	99.7%	99.1%	97.5%	97.6%	99.7%	97.9%

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

Table D.8 – FY 2010 Utilization of For-Profit MBE Prime Contractors and Sub-Contractors, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, by Contract Type and by Location of MBE (by $M Contracts Awarded)

Location of M/W/BSE	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
All City	$2.9	$5.6	$36.6	$34.0	2.5%	3.3%	12.4%	5.7%	1.9%	12.7%	3.0%	8.4%
In Metro But Outside City	$9.9	$3.9	$1.3	$17.4	8.4%	2.3%	0.4%	2.9%	4.0%	3.5%	1.4%	3.2%
All Metro	$12.9	$9.5	$37.9	$51.4	10.9%	5.6%	12.8%	8.7%	5.9%	16.2%	4.4%	11.6%
In US But Outside Metro	$4.3	$5.8	$38.3	$36.5	3.6%	3.4%	12.9%	6.2%	2.0%	1.4%	0.5%	1.5%
All US	$17.2	$15.4	$76.2	$88.0	14.6%	9.0%	25.8%	14.9%	7.9%	17.6%	4.9%	13.1%
Non-MBE	$100.8	$155.2	$219.3	$503.9	85.4%	91.0%	74.2%	85.1%	92.1%	82.4%	95.1%	86.9%

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

Table D.9 – FY 2010 Utilization of For-Profit WBE Prime Contractors and Sub-Contractors, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, by Contract Type and by Location of WBE (by $M Contracts Awarded)

Location of M/W/BSBE	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
All City	$2.0	$3.3	$18.6	$18.7	1.7%	2.0%	6.3%	3.2%	0.7%	3.9%	2.5%	2.9%
In Metro But Outside City	$7.6	$2.8	$1.5	$13.4	6.4%	1.6%	0.5%	2.3%	4.6%	2.7%	0.5%	2.8%
All Metro	$9.6	$6.1	$20.1	$32.0	8.1%	3.6%	6.8%	5.4%	5.3%	6.6%	3.0%	5.7%
In US But Outside Metro	$3.3	$8.1	$5.2	$20.4	2.8%	4.7%	1.7%	3.4%	2.5%	2.9%	1.3%	2.5%
All US	$12.9	$14.2	$25.3	$52.5	10.9%	8.3%	8.6%	8.9%	7.8%	9.5%	4.3%	8.2%
Non-WBE	$105.1	$156.4	$270.2	$539.4	89.1%	91.7%	91.4%	91.1%	92.2%	90.5%	95.7%	91.8%

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

Table D.10 – Utilization of For-Profit DSBE Prime Contractors and Sub-Contractors, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, by Contract Type and by Location of DSBE (by $M Contracts Awarded)

Location of M/W/DBE	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types	FY 09 PW	FY 09 PPS	FY 09 SSE	FY 09 All Contract Types
All City	$0.0	$0.0	$0.0	$0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
In Metro But Outside City	$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 Metro	$0.0	$0.0	$0.0	$0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
In US But Outside Metro	$0.4	$0.0	$0.0	$0.4	0.3%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
All US	$0.4	$0.0	$0.0	$0.4	0.3%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Non-DSBE	$117.6	$170.6	$295.5	$591.5	99.7%	100.0%	100.0%	99.9%	100.0%	100.0%	100.0%	100.0%

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

Table D.11 – FY 2010 Utilization of M/W/DSBEs as Prime Contractors, by Contract Type (by $ Contracts Awarded)

Contract Type	Department	Total # Contracts	Total $M Contracts	# MWDSBE Contracts	$M MWDSBE Contracts
Public Works	All Departments	60	$118.0	2	$0.4 2
MWDSBE Utilization as Prime				3.3%	0.4%
MWDSBE Total Utilization (Prime + Sub)					21.9%
Services, Supplies, and Equipment	All Departments	315	$170.6	14	$15.3
MWDSBE Utilization as Prime				4.4%	8.9%
MWDSBE Total Utilization (Prime + Sub)					30.4%
Personal and Professional Services	All Departments	701	$295.5	123	$18.0
MWDSBE Utilization as Prime				17.5%	6.1%
MWDSBE Total Utilization (Prime + Sub)					15.1%
All Contract Types (Not Incl SOP/MOP)	All Departments	1,076	$584.0	139	$33.7
MWDSBE Utilization as Prime				12.9%	5.8%
MWDSBE Total Utilization (Prime + Sub)					21.6%
Small Order Purchases (SOP)	All Departments	713	$4.7	54	$0.3
MWDSBE Utilization as Prime				7.6%	6.5%
MWDSBE Total Utilization (Prime + Sub)					6.5%
Miscellaneous Order Purchases (MOP)	All Departments	222	$3.2	18	$0.3
MWDSBE Utilization as Prime				8.1%	8.8%
MWDSBE Total Utilization (Prime + Sub)					14.3%
All Contract Types (Incl SOP/MOP)	All Departments	2,011	$592.00	211	$34.3
MWDSBE Utilization as Prime				10.5%	5.8%
MWDSBE Total Utilization (Prime + Sub)					20.8%

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

Table D.12 – FY 2010 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, by City Department (by $ Contracts Awarded)

City Department	FY 10 Dept Total (in $M)	FY 10 M/W/DSBE Total (in $M)	FY 10 M/W/DSBE %Utilization Actual	FY 09 M/W/DSBE %Utilization Actual	FY 10 MBE %Utilization Actual	FY 10 MBE %Utilization Goal	FY 10 WBE %Utilization Actual	FY 10 WBE %Utilization Goal	FY 10 DSBE %Utilization Actual	FY 10 DSBE %Utilization Goal
Aviation	$37.5	$10.7	28.4%	23.2%	24.3%	34.5%	7.7%	13.9%	0.5%	0.0%
Behavioral Health/Mental Retardation Services	$7.0	$0.1	1.4%	0.7%	1.8%	1.2%	0.0%	0.0%	0.0%	0.0%
Board of Ethics	$0.0	$0.0	0.0%	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%	53.7%	0.0%	--	0.0%	--	0.0%	--
City Planning Commission	$0.8	$0.4	47.7%	63.9%	18.9%	13.1%	44.0%	0.0%	0.0%	0.0%
Civil Service Commission	$0.0	$0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Commerce	$0.0	$0.0	12.6%	0.0%	12.6%	0.5%	0.0%	0.0%	0.0%	0.0%
Division of Technology	$12.8	$3.3	25.7%	18.3%	15.4%	8.8%	15.2%	17.4%	0.0%	0.0%
Fairmount Park Commission[78]	$0.0	$0.0	0.0%	75.1%	0.0%	--	0.0%	--	0.0%	--
Finance, Director of	$8.6	$3.4	39.5%	32.4%	30.4%	23.2%	27.2%	15.4%	0.0%	0.0%

[78] This department recently merged with Parks and Recreation, so spending is shown there instead.

City Department	FY 10 Dept Total (in $M)	FY 10 M/W/DSBE Total (in $M)	FY 10 M/W/DSBE %Utilization Actual	FY 09 M/W/DSBE %Utilization Actual	FY 10 MBE %Utilization Actual	FY 10 MBE %Utilization Goal	FY 10 WBE %Utilization Actual	FY 10 WBE %Utilization Goal	FY 10 DSBE %Utilization Actual	FY 10 DSBE %Utilization Goal
Fire	$6.2	$0.0	0.0%	0.0%	0.0%	15.0%	0.0%	0.0%	0.0%	0.0%
First Judicial District of PA	$0.0	$0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Fleet Management	$0.5	$0.0	7.7%	0.4%	3.2%	5.0%	4.6%	4.3%	0.0%	0.0%
Health, Department of Public	$13.5	$2.0	15.1%	1.4%	4.9%	15.0%	14.5%	10.0%	0.0%	0.0%
Historical Commission	$0.0	$0.0	0.0%	0.0%	0.0%	--	0.0%	--	0.0%	--
Human Services, Department of	$70.5	$2.7	3.8%	4.4%	2.8%	3.7%	0.9%	0.2%	0.0%	0.0%
Labor Relations	$0.0	$0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Law Department	$11.1	$0.4	4.0%	17.2%	4.0%	14.6%	0.0%	5.3%	0.0%	0.0%
Library, Free	$0.7	$0.0	1.1%	5.1%	0.0%	5.0%	1.1%	1.7%	0.0%	0.0%
Licenses and Inspections, Department of	$0.4	$0.1	25.0%	22.9%	29.3%	15.0%	16.8%	10.0%	0.0%	0.0%
Managing Director's Office	$1.6	$0.1	3.5%	16.7%	4.4%	5.5%	2.9%	21.1%	0.0%	0.0%
Mayor's Office	$0.4	$0.1	20.6%	1.9%	20.6%	17.7%	0.0%	0.0%	0.0%	5.0%
Mayor's Office of Community Services	$0.3	$0.0	11.9%	42.0%	11.9%	74.1%	0.0%	25.9%	0.0%	0.0%
Mural Arts Program	$0.0	$0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

City Department	FY 10 Dept Total (in $M)	FY 10 M/W/DSBE Total (in $M)	FY 10 M/W/DSBE %Utilization Actual	FY 09 M/W/DSBE %Utilization Actual	FY 10 MBE %Utilization Actual	FY 10 MBE %Utilization Goal	FY 10 WBE %Utilization Actual	FY 10 WBE %Utilization Goal	FY 10 DSBE %Utilization Actual	FY 10 DSBE %Utilization Goal
Office of Emergency Services	$0.9	$0.0	0.0%	0.0%	0.0%	5.5%	0.0%	21.5%	0.0%	0.0%
Office of Housing & Community Development (OHCD)	$0.2	$0.1	33.1%	10.5%	0.0%	4.5%	33.1%	29.9%	0.0%	0.0%
Office of Supportive Housing (OSH)	$3.4	$1.0	29.4%	15.5%	29.4%	23.0%	0.0%	13.5%	0.0%	0.0%
Office of the Inspector General	$3.4	$1.0	29.4%	15.5%	0.0%	0.0%	0.0%	7.1%	0.0%	0.0%
Pensions & Retirement, Board of	$31.2	$3.4	10.9%	0.0%	9.0%	0.0%	3.8%	0.0%	0.0%	0.0%
Personnel	$0.6	$0.0	6.5%	2.3%	3.8%	12.6%	2.7%	13.8%	0.0%	0.0%
Police	$2.1	$0.0	2.4%	1.2%	0.3%	1.0%	2.4%	1.0%	0.0%	0.0%
Prisons	$88.6	$26.4	29.7%	29.2%	21.1%	15.0%	13.0%	5.0%	0.0%	1.0%
Procurement	$0.2	$0.0	0.0%	0.0%	0.0%	15.0%	0.0%	10.0%	0.0%	0.0%
Property, Department of Public	$100.2	$30.2	30.1%	41.7%	23.2%	26.0%	12.4%	22.0%	0.2%	0.0%
Records	$1.8	$0.3	14.9%	13.4%	0.0%	0.0%	14.9%	17.1.0%	0.0%	0.0%

City Department	FY 10 Dept Total (in $M)	FY 10 M/W/DSBE Total (in $M)	FY 10 M/W/DSBE %Utilization Actual	FY 09 M/W/DSBE %Utilization Actual	FY 10 MBE %Utilization Actual	FY 10 MBE %Utilization Goal	FY 10 WBE %Utilization Actual	FY 10 WBE %Utilization Goal	FY 10 DSBE %Utilization Actual	FY 10 DSBE %Utilization Goal
Parks and Recreation[79]	$0.5	$0.0	1.5%	N/A	0.0%	13.4%	1.5%	7.6%	0.0%	0.0%
Revenue	$9.5	$1.9	19.4%	24.5%	2.1%	12.8%	17.7%	18.9%	0.0%	0.0%
Revision of Taxes, Board of	$0.1	$0.0	17.2%	60.9%	0.0%	0.0%	17.2%	59.1%	0.0%	0.0%
Sinking Fund Commission	$0.0	$0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Streets	$47.1	$24.1	47.8%	5.6%	32.2%	25.2%	16.1%	8.3%	0.0%	0.0%
Treasurer, City	$3.5	$0.5	15.3%	50.0%	11.7%	50.0%	5.8%	0.0%	0.0%	0.0%
Water Department	$58.8	$10.0	17.0%	12.6%	10.9%	14.0%	10.4%	11.0%	0.0%	0.0%
Youth Commission	$0.0	$0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Zoning Code Commission	$0.0	$0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
All Departments	$524.13	$122.02	23.3%	18.5%	16.3%		9.9%		0.1%	
All with City Wide Procurements	$592.00	$123.09	20.8%	17.6%	14.9%		8.9%		0.1%	

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

[79] This department recently merged with Fairmount Park Commission, whose spending is shown here.

Table D.13 – FY 2010 Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, by City Department and by Location of M/W/DSBE (by $ Contracts Awarded)

City Department	FY 10 Dept Total (in $M)	FY 10 M/W/DSBE Total (in $M)			FY 10 M/W/DSBE %Utilization		
		City	Metro	US	City	Metro	US
Aviation	$37.5	$4.1	$8.7	$10.7	11.0%	23.3%	28.4%
Behavioral Health/Mental Retardation Services	$7.0	$0.0	$0.0	$0.1	0.0%	0.0%	1.4%
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	$0.8	$0.1	$0.1	$0.4	15.1%	15.1%	47.7%
Civil Service Commission	$0.0	$0.0	$0.0	$0.0	0.0%	0.0%	0.0%
Commerce	$0.0	$0.0	$0.0	$0.0	0.0%	0.0%	12.6%
Division of Technology	$12.8	$0.6	$2.0	$3.3	4.5%	15.2%	25.7%
Fairmount Park Commission	$0.0	$0.0	$0.0	$0.0	0.0%	0.0%	0.0%
Finance, Director of	$8.6	$1.8	$2.7	$3.4	20.7%	31.1%	39.5%
Fire	$6.2	$0.0	$0.0	$0.0	0.0%	0.0%	0.0%
First Judicial District of PA	$0.0	$0.0	$0.0	$0.0	0.0%	0.0%	0.0%
Fleet Management	$0.5	$0.0	$0.0	$0.0	0.0%	7.5%	7.7%
Health, Department of Public	$13.5	$0.4	$0.7	$2.0	3.0%	5.1%	15.1%
Historical Commission	$0.0	$0.0	$0.0	$0.0	0.0%	0.0%	0.0%
Human Services, Department of	$70.5	$1.5	$2.0	$2.7	2.2%	2.8%	3.8%
Labor Relations	$0.0	$0.0	$0.0	$0.0	0.0%	0.0%	0.0%
Law Department	$11.1	$0.4	$0.4	$0.4	4.0%	4.0%	4.0%
Library, Free	$0.7	$0.0	$0.0	$0.0	0.0%	0.7%	1.1%
Licenses and Inspections, Department of	$0.4	$0.0	$0.1	$0.1	0.0%	20.0%	25.0%
Managing Director's Office	$1.6	$0.1	$0.1	$0.1	3.5%	3.5%	3.5%
Mayor's Office	$0.4	$0.1	$0.1	$0.1	16.3%	16.3%	20.6%
Mayor's Office of Community Services	$0.3	$0.0	$0.0	$0.0	0.0%	9.9%	11.9%
Mural Arts Program	$0.0	$0.0	$0.0	$0.0	0.0%	0.0%	0.0%
Office of Emergency Services	$0.9	$0.0	$0.0	$0.0	0.0%	0.0%	0.0%

City Department	FY 10 Dept Total (in $M)	FY 10 M/W/DSBE Total (in $M)			FY 10 M/W/DSBE %Utilization		
		City	Metro	US	City	Metro	US
Office of Housing & Community Development (OHCD)	$0.2	$0.0	$0.1	$0.1	0.0%	34.6%	33.1%
Office of Supportive Housing (OSH)	$3.4	$0.5	$1.0	$1.0	14.7%	30.0%	29.4%
Office of the Inspector General	$3.4	$0.0	$0.0	$0.0	0.0%	0.0%	0.0%
Pensions & Retirement, Board of	$31.2	$0.0	$0.0	$3.4	0.0%	0.0%	10.9%
Personnel	$0.6	$0.0	$0.0	$0.0	2.0%	6.0%	6.5%
Police	$2.1	$0.0	$0.0	$0.0	0.0%	0.1%	2.4%
Prisons	$88.6	$13.0	$13.7	$26.4	14.6%	15.5%	29.7%
Procurement	$0.2	$0.0	$0.0	$0.0	0.0%	0.0%	0.0%
Property, Department of Public	$100.2	$11.7	$25.5	$30.2	11.7%	25.5%	30.1%
Records	$1.8	$0.0	$0.2	$0.3	0.0%	13.3%	14.9%
Parks and Recreation	$0.5	$0.0	$0.0	$0.0	0.0%	1.4%	1.5%
Revenue	$9.5	$1.6	$1.6	$1.9	16.7%	16.7%	19.4%
Revision of Taxes, Board of	$0.1	$0.0	$0.0	$0.0	20.0%	20.0%	17.2%
Sinking Fund Commission	$0.0	$0.0	$0.0	$0.0	0.0%	0.0%	0.0%
Streets	$47.1	$8.0	$8.4	$24.1	17.0%	17.8%	47.8%
Treasurer, City	$3.5	$0.1	$0.1	$0.5	3.0%	3.0%	15.3%
Water Department	$58.8	$1.7	$5.2	$10.0	2.9%	8.8%	17.0%
Youth Commission	$0.0	$0.0	$0.0	$0.0	0.0%	0.0%	0.0%
Zoning Code Commission	$0.0	$0.0	$0.0	$0.0	0.0%	0.0%	0.0%
All Departments	$524.13	$45.7	$72.8	$121.0	8.7%	13.9%	23.2%
All with City Wide SSE	$592.00	$46.4	$73.5	$123.1	7.8%	12.4%	20.8%

Source: OEO Annual Participation Report (FY 2010)

Table D.14 - FY 2010 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, Sorted by 3-Year Average Utilization by City Department (by $ Contracts Awarded)

City Department	FY 10 Dept Total (in $M)	FY 10 DBE Total (in $M)	FY 10 DBE %Utilization Actual	FY 09 DBE %Utilization Actual	FY 08 DBE %Utilization Actual	3-yr Weighted Average
Aviation	$37.5	$10.7	28.4%	23.2%	18.6%	23.1%
Behavioral Health/Mental Retardation Services	$7.0	$0.1	1.4%	0.7%	1.3%	1.1%
Board of Ethics	$0.0	$0.0	0.0%	0.0%	N/A	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%	53.7%	23.5%	N/A
City Planning Commission	$0.8	$0.4	47.7%	63.9%	19.5%	26.8%
Civil Service Commission	$0.0	$0.0	0.0%	0.0%	0.0%	0.0%
Commerce	$0.0	$0.0	12.6%	0.0%	0.0%	N/A
Division of Technology	$12.8	$3.3	25.7%	18.3%	18.8%	21.5%
Fairmount Park Commission	$0.0	$0.0	0.0%	75.1%	41.7%	N/A
Finance, Director of	$8.6	$3.4	39.5%	32.4%	31.3%	33.1%
Fire	$6.2	$0.0	0.0%	1.1%	13.6%	0.7%
First Judicial District of PA	$0.0	$0.0	0.0%	0.0%	N/A	N/A
Fleet Management	$0.5	$0.0	7.7%	0.4%	0.8%	1.5%
Health, Department of Public	$13.5	$2.0	15.1%	1.4%	4.7%	9.7%
Historical Commission	$0.0	$0.0	0.0%	0.0%	0.0%	N/A
Human Services, Department of	$70.5	$2.7	3.8%	4.4%	3.9%	5.8%
Labor Relations	$0.0	$0.0	0.0%	0.0%	0.0%	N/A
Law Department	$11.1	$0.4	4.0%	17.2%	16.4%	21.9%
Library, Free	$0.7	$0.0	1.1%	5.1%	6.4%	3.0%
Licenses and Inspections, Department of	$0.4	$0.1	25.0%	22.9%	2.8%	37.4%
Managing Director's Office	$1.6	$0.1	3.5%	16.7%	43.9%	15.0%
Mayor's Office	$0.4	$0.1	20.6%	1.9%	9.3%	9.8%
Mayor's Office of Community Services	$0.3	$0.0	11.9%	42.0%	0.0%	25.0%
Mural Arts Program	$0.0	$0.0	0.0%	0.0%	0.0%	N/A

City Department	FY 10 Dept Total (in $M)	FY 10 DBE Total (in $M)	FY 10 DBE %Utilization Actual	FY 09 DBE %Utilization Actual	FY 08 DBE %Utilization Actual	3-yr Weighted Average
Office of Emergency Services	$0.9	$0.0	0.0%	0.0%	N/A	N/A
Office of Housing & Community Development (OHCD)	$0.2	$0.1	33.1%	10.5%	6.7%	12.1%
Office of Supportive Housing (OSH)	$3.4	$1.0	29.4%	15.5%	14.3%	19.0%
Office of the Inspector General	$3.4	$1.0	29.4%	0.0%	N/A	N/A
Pensions & Retirement, Board of	$31.2	$3.4	10.9%	13.1%	11.4%	14.8%
Personnel	$0.6	$0.0	6.5%	0.0%	0.1%	9.8%
Police	$2.1	$0.0	2.4%	2.3%	18.6%	5.0%
Prisons	$88.6	$26.4	29.7%	1.2%	3.4%	2.1%
Procurement	$0.2	$0.0	0.0%	29.2%	28.9%	27.2%
Property, Department of Public	$100.2	$30.2	30.1%	0.0%	0.0%	0.0%
Records	$1.8	$0.3	14.9%	41.7%	90.3%	39.1%
Parks and Recreation	$0.5	$0.0	1.5%	13.4%	9.9%	16.2%
Revenue	$9.5	$1.9	19.4%	24.5%	21.5%	22.7%
Revision of Taxes, Board of	$0.1	$0.0	17.2%	60.9%	58.3%	41.2%
Sinking Fund Commission	$0.0	$0.0	0.0%	0.0%	0.0%	N/A
Streets	$47.1	$24.1	47.8%	5.6%	10.7%	27.3%
Treasurer, City	$3.5	$0.5	15.3%	50.0%	50.0%	16.6%
Water Department	$58.8	$10.0	17.0%	12.6%	17.2%	15.8%
Youth Commission	$0.0	$0.0	0.0%	0.0%	N/A	N/A
Zoning Code Commission	$0.0	$0.0	0.0%	0.0%	N/A	N/A
All Departments	$524.13	$122.02	23.3%	18.5%	18.9%	20.3%
All with City Wide Procurements	$592.00	$123.09	20.8%	17.6%	18.1%	19.2%

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

Table D.15 – Distribution of M/W/DSBE Participation in FY 2010 City Contracts, by Contract Type, by Contract Size, and by M/W/DSBE Category[80]

	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	82	128	0	29	59	79	9	8	4	14	19	14	59	84
MBE - Hispanic or Latino	24	38	0	12	11	15	1	7	2	4	7	13	15	21
MBE - Asian	18	48	0	6	14	38	2	0	3	3	6	10	9	37
MBE - Native American	0	16	0	9	0	1	0	0	0	1	0	4	0	5
MBE - Other	0	19	0	1	0	18	0	0	0	1	0	3	0	15
MBE - Total	124	249	0	57	84	151	12	15	9	23	32	44	83	162
WBE - White	78	145	2	49	41	66	2	5	4	1	17	19	57	81
WBE - African American	27	23	0	4	16	14	1	4	2	3	3	3	22	12
WBE - Hispanic or Latino	7	3	0	0	1	3	0	0	0	0	0	0	7	3
WBE - Asian	2	11	0	6	0	5	0	0	0	0	0	0	2	3
WBE - Native American	0	9	0	9	0	0	0	0	0	0	0	0	0	0
WBE - Other	0	4	0	0	0	4	0	0	0	0	0	1	0	3
WBE - Total	114	195	2	68	58	92	3	9	6	12	20	23	88	102
DSBE – Total	0	4	0	3	0	1	0	0	0	0	0	2	0	2
M/W/DSBE – Total	202	398	2	109	123	217	14	20	13	32	49	65	140	246
Excluding MOP/SOP	139	182	2	109	123	217	14	20	13	32	49	65	77	245

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

[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 D.16 – FY 2010 Distribution of M/W/DSBE Contracts, by Contract Type [81]

	PW = 60 total contracts				PPS = 701 total contracts				SSE = 315 total contracts			
	M/W/ DSBE	MBE	WBE	DSBE	M/W/ DSBE	MBE	WBE	DSBE	M/W/ DSBE	MBE	WBE	DSBE
# Contracts with at Least 1 M/W/DSBE Participating	51	42	38	3	224	122	102	1	22	10	9	0
% Contracts with at Least 1 M/W/DSBE Participating	85.0%	70.0%	63.3%	5.0%	32.0%	17.4%	14.6%	0.1%	7.0%	2.9%	4.1%	0.0%
# Contracts Awarded to M/W/DSBE Prime Contractors	2	0	2	0	123	59	65	0	14	8	6	0
% Contracts Awarded to M/W/DSBE Prime Contractors	3.3%	0.0%	3.3%	0.0%	17.7%	8.4%	9.3%	0.0%	4.4%	2.5%	1.9%	0.0%
# Contracts with at Least 1 M/W/DSBE Sub-Contractor	53	42	38	3	119	95	93	1	10	10	7	0
% Contracts with at Least 1 M/W/DSBE Sub-Contractor	88.3%	70.0%	63.3%	5.0%	17.0%	13.6%	13.3%	0.0%	3.2%	3.2%	2.2%	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 D.17 – FY 2010 Distribution of M/W/DSBE Contracts, by Contract Type [82]

	PW = 60 total contracts				PPS = 701 total contracts				SSE = 315 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	53	42	38	3	224	122	102	1	22	9	13	0
Highest # of Contracts a Single M/W/DSBE Participated in	9	9	7	3	21	14	21	1	6	6	2	0
# M/W/DSBEs Participating in Exactly 1 Contract	42	32	31	2	142	73	68	1	16	4	12	0
# M/W/DSBEs Participating in 2-5 Contracts	9	9	7	1	76	44	32	0	5	4	1	0
# M/W/DSBEs Participating in 6-10 Contracts	2	1	1	0	4	4	1	0	1	1	0	0
# M/W/DSBEs Participating in 11-20 Contracts	0	0	0	0	1	1	0	0	0	0	0	0
# M/W/DSBEs Participating in 21 or More Contracts	0	0	0	0	1	0	1	0	0	0	0	0

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

[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 E: AVAILABILITY CHARTS – UNWEIGHTED APPROACH

Here we provide additional detail on the availability of M/W/DSBEs at different geographies and using different approaches. First, we depict the availability of M/W/DSBEs using the City as the unit of geography ("A1"), thanks to data available from the Philadelphia District Office of the US Small Business Administration (see Table E.1).

Table E.1 – FY 2010 Availability ("A1") – # Minority-, Women-, and Disabled-Owned Firms Located within the City of Philadelphia, Divided by # All Firms Located within the City of Philadelphia, by M/W/DSBE Category (Based on 2004 US Small Business Administration – Philadelphia District Office)

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

Source: US Small Business Administration - Philadelphia District Office (2004), Econsult Corporation (2010)

Next, we provide an overview of the City's availability of M/W/DSBEs, at the Philadelphia MSA level, based on these four, broader approaches, all of which use data from the 2002 and 2007 US Census Survey of Small Business Owners (this is the unweighted approach to estimating availability; a weighted approach is discussed in further detail in Appendix F):

- Availability ("A2") – # M/W/DSBEs Divided By # All Firms in Philadelphia MSA (see Table E.2)

- Availability ("A3") – # M/W/DSBEs > 1 Employee Divided by # All Firms > 1 Employee in Philadelphia MSA (see Table E.3)

- Availability ("A4") – $ Revenue of M/W/DSBEs Divided by $ Revenue of All Firms in Philadelphia MSA (see Table E.4)

- Availability ("A5") – $ Revenue of M/W/DSBEs > 1 Employee Divided by $ Revenue of All Firms > 1 Employee in Philadelphia MSA (see Table E.5)

- The first two columns delineate which M/W/DSBE category is being considered.

- The following four columns show the number of firms in various M/W/DSBE categories, by contract type.

- The next four columns show the availability rate of firms in various M/W/DSBE categories, by contract type.

- The final four columns show any equivalent figures available from the DJ Miller & Associates (DJMA) analysis of 1998-2003 data.

- The four cells underneath the main table provide the total number of firms by contract type; these numbers serve as the denominator of this method of the availability rate

Table E.2 – FY 2010 Availability ("A2") – # Minority-, Women-, and Disabled-Owned Firms Located within the Philadelphia MSA Divided by # All Firms Located within the Philadelphia MSA, by Contract Type and by M/W/DSBE Category[83]

		M/W/DSBE, 2007				M/W/DSBE %, 2007				M/W/DSBE, 2002			
		PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
Native American	Male	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	Male	X	X	X	X	X	X	X	X	X	X	X	X
African American	Male	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	Male	X	X	X	X	X	X	X	X	X	X	X	X
Native American	Female	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	Female	X	X	X	X	X	X	X	X	X	X	X	X
African American	Female	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	Female	X	X	X	X	X	X	X	X	X	X	X	X
White	Female	X	X	X	X	X	X	X	X	X	X	X	X
Native American	M&F	*111*	*443*	*242*	*1,164*	*0.2%*	*0.3%*	*0.3%*	*0.3%*	0.2%	0.2%	0.2%	0.3%
Asian American	M&F	*908*	*10,628*	*7,563*	*19,759*	*1.3%*	*3.7%*	*6.5%*	*4.7%*	1.3%	4.4%	7.1%	4.7%
African American	M&F	5,897	26,566	9,077	41,617	7.3%	9.4%	7.9%	8.7%	4.9%	6.5%	4.9%	5.9%
Hispanic	M&F	2,811	7,593	2,843	15,444	3.5%	2.7%	2.5%	3.2%	2.7%	1.7%	2.7%	2.2%
All MBE	M&F	9,727	45,230	19,725	77,984	12.1%	16.0%	17.1%	16.3%	9.00%	12.90%	15.00%	13.10%
All	Female	7,464	90,956	34,732	133,641	9.3%	32.2%	30.2%	27.9%	9.20%	29.70%	28.80%	26.00%
Disabled	M&F	X	X	X	X	X	X	X	X	X	X	X	X
All M/W/DSBE	M&F	17,191	136,186	54,457	211,625	21.4%	48.2%	47.3%	44.2%	18.20%	42.60%	43.80%	39.10%
All Firms	M&F	80,288	282,316	115,073	479,316					68,734	239,427	105,859	416,358

Source: Econsult Corporation (2011); Availability = 2007 US Census Survey of Business Owners (2002, 2007)

[83] Shaded cells represented results partially or fully derived from 2002 Survey of Business Owners, due to unavailability of 2007 data at the time of publication of this report.

Table E.3 – FY 2010 Availability ("A3") – # Minority-, Women-, and Disabled-Owned Firms > 1 Employee Located within the Philadelphia MSA Divided by # All Firms > 1 Employee Located within the Philadelphia MSA, by Contract Type and by M/W/DSBE Category[84]

		M/W/DSBE, 2007				M/W/DSBE %, 2007				M/W/DSBE, 2002			
		PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
Native American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Male	x	x	x	x	x	x	x	x	x	x	x	x
African American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Male	x	x	x	x	x	x	x	x	x	x	x	x
Native American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Female	x	x	x	x	x	x	x	x	x	x	x	x
African American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Female	x	x	x	x	x	x	x	x	x	x	x	x
White	Female	x	x	x	x	x	x	x	x	x	x	x	x
Native American	M&F	*35*	*43*	*41*	*253*	0.2%	0.1%	0.1%	0.2%	0.2%	0.1%	0.1%	0.2%
Asian American	M&F	*196*	*2,434*	*3,531*	*6,310*	0.9%	4.8%	8.7%	5.5%	0.9%	4.8%	8.7%	5.5%
African American	M&F	259	1,340	817	2,485	1.2%	2.6%	2.0%	2.1%	1.4%	2.2%	2.3%	2.1%
Hispanic	M&F	344	483	688	1,849	1.5%	0.9%	1.7%	1.6%	1.0%	0.6%	0.8%	1.2%
All MBE	M&F	834	4,300	5,077	10,897	3.7%	8.2%	12.6%	9.4%	3.4%	7.7%	11.9%	9.0%
All	Female	2,145	7,440	5,931	16,729	9.6%	14.2%	14.7%	14.5%	9.3%	18.3%	14.3%	15.5%
Disabled	M&F	X	X	X	X	X	X	X	X	x	x	x	x
All M/W/DSBE	M&F	2,979	11,740	11,008	27,626	13.3%	22.4%	27.2%	23.9%	12.7%	26.0%	27.4%	24.6%
All Firms	M&F	22,326	52,425	40,452	115,644					22,305	50,908	40,652	114,869

Source: Econsult Corporation (2011); Availability = 2007 US Census Survey of Business Owners (2002, 2007)

[84] Shaded cells represented results partially or fully derived from 2002 Survey of Business Owners, due to unavailability of 2007 data at the time of publication of this report.

Table E.4 – FY 2010 Availability ("A4") – $ Revenue of Minority-, Women-, and Disabled-Owned Firms Located within the Philadelphia MSA Divided by $ Revenue of All Firms Located within the Philadelphia MSA, by Contract Type and by M/W/DSBE Category (in $M)[85]

		M/W/DSBE, 2007				M/W/DSBE %, 2007				M/W/DSBE, 2002			
		PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
Native American	Male	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	Male	X	X	X	X	X	X	X	X	X	X	X	X
African American	Male	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	Male	X	X	X	X	X	X	X	X	X	X	X	X
Native American	Female	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	Female	X	X	X	X	X	X	X	X	X	X	X	X
African American	Female	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	Female	X	X	X	X	X	X	X	X	X	X	X	X
White	Female	X	X	X	X	X	X	X	X	X	X	X	X
Native American	M&F	*X*	*X*	*$0.0*	*X*	X	X	0.0%	X	X	X	0.0%	X
Asian American	M&F	*X*	*$0.6*	*$2.7*	*$5.1*	X	X	1.1%	0.8%	X	0.3%	1.1%	0.8%
African American	M&F	$0.7	$1.1	$0.8	$2.6	0.4%	0.4%	0.3%	0.4%	X	0.2%	0.1%	0.3%
Hispanic	M&F	$0.4	$0.5	$0.5	$2.1	0.3%	0.2%	0.2%	0.3%	X	0.1%	0.1%	0.2%
All MBE	M&F	$1.2	$2.2	$4.0	$9.7	0.7%	0.9%	1.4%	1.3%	X	0.6%	1.3%	1.4%
All	Female	$4.7	$7.7	$11.7	$24.2	2.8%	3.1%	4.0%	3.3%	X	0.6%	0.9%	3.0%
Disabled	M&F	X	X	X	X	X	X	X	X	X	X	X	X
All M/W/DSBE	M&F	$5.9	$9.9	$15.7	$34.0	3.5%	3.9%	5.4%	4.7%	X	1.2%	2.2%	4.4%
All Firms	M&F	$167.1	$250.6	$290.3	$728.1					$136.9	$194.7	$247.2	$611.8

Source: Econsult Corporation (2011); Availability = 2007 US Census Survey of Business Owners (2002, 2007)

[85] Shaded cells represented results partially or fully derived from 2002 Survey of Business Owners, due to unavailability of 2007 data at the time of publication of this report.

Table E.5 – FY 2010 Availability ("A5") – $ Revenue of Minority-, Women-, and Disabled-Owned Firms > 1 Employee Located within the Philadelphia MSA Divided by $ Revenue of All Firms > 1 Employee Located within the Philadelphia MSA, by Contract Type and by M/W/DSBE Category[86]

		M/W/DSBE, 2007				M/W/DSBE %, 2007				M/W/DSBE, 2002			
		PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
Native American	Male	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	Male	X	X	X	X	X	X	X	X	X	X	X	X
African American	Male	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	Male	X	X	X	X	X	X	X	X	X	X	X	X
Native American	Female	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	Female	X	X	X	X	X	X	X	X	X	X	X	X
African American	Female	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	Female	X	X	X	X	X	X	X	X	X	X	X	X
White	Female	X	X	X	X	X	X	X	X	X	X	X	X
Native American	M&F	*X*	*X*	*X*	*X*	X	X	X	X	X	X	X	X
Asian American	M&F	*X*	*$0.1*	*$1.1*	*X*	X	X	0.5%	0.2%	X	X	0.5%	X
African American	M&F	$0.5	$0.6	$0.5	$1.7	0.3%	0.2%	0.2%	0.2%	0.3%	0.1%	0.1%	0.3%
Hispanic	M&F	$0.3	$0.2	$0.4	$1.6	0.2%	0.1%	0.1%	0.2%	X	X	X	X
All MBE	M&F	$0.9	$0.9	$2.1	$3.3	0.5%	0.4%	0.7%	0.5%	0.3%	0.1%	0.6%	0.3%
All	Female	$4.5	$3.8	$11.0	$20.9	2.8%	1.6%	3.8%	2.9%	X	X	1.1%	2.7%
Disabled	M&F	X	X	X	X	X	X	X	X	X	X	X	X
All M/W/DSBE	M&F	$5.4	$4.7	$13.0	$24.2	3.3%	2.0%	4.5%	3.4%	0.3%	0.2%	1.7%	3.0%
All Firms	M&F	$163.4	$239.3	$286.9	$709.6					$163.4	$239.3	$286.9	$709.6

Source: Econsult Corporation (2011); Availability = 2007 US Census Survey of Business Owners (2002, 2007)

[86] Shaded cells represented results partially or fully derived from 2002 Survey of Business Owners, due to unavailability of 2007 data at the time of publication of this report.

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. 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 (A6)" (see Figure E.6).

- 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 (A7)" (see Figure E.7).

For both tables, "A6" and "A7," the Procurement Department's Vendor's file from Calendar Year 2010 was utilized for consistency in analysis. As utilization data are reflective of the FY 2010 (July 1, 2009 to June 30, 2010) period, and the Procurement Department's Vendor's file is reflective of the City's list as of January 2011, 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 not for PPS contracts.

Table E.6 – FY 2010 Availability ("A6") – # 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 Category[87]

		M/W/DSBE				M/W/DSBE %			
		PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
Native American	Male	X	X	X	1	X	X	X	0.0%
Asian American	Male	X	X	X	66	X	X	X	2.1%
African American	Male	X	X	X	340	X	X	X	10.6%
Hispanic	Male	X	X	X	54	X	X	X	1.7%
Native American	Female	X	X	X	1	X	X	X	0.0%
Asian American	Female	X	X	X	28	X	X	X	0.9%
African American	Female	X	X	X	159	X	X	X	4.9%
Hispanic	Female	X	X	X	17	X	X	X	0.5%
White	Female	X	X	X	378	X	X	X	11.8%
Native American	M&F	X	X	X	2	X	X	X	0.1%
Asian American	M&F	X	X	X	94	X	X	X	2.9%
African American	M&F	X	X	X	499	X	X	X	15.5%
Hispanic	M&F	X	X	X	71	X	X	X	2.2%
All MBE	M&F	X	X	X	1044	X	X	X	32.5%
All	Female	X	X	X	583	X	X	X	18.1%
Disabled	M&F	X	X	X	10	X	X	X	0.3%
All M/W/DSBE	M&F	X	X	X	1,640	X	X	X	51.0%
All Firms	M&F	X	X	X	3,217				

Source: City of Philadelphia Office of Economic Opportunity (2011), City of Philadelphia Procurement Department (2011), Econsult Corporation (2011)

[87] 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 E.7 – FY 2010 Availability ("A7") – # 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 %			
		PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
Native American	Male	X	X	X	X	X	X	X	X
Asian American	Male	X	X	X	X	X	X	X	X
African American	Male	X	X	X	X	X	X	X	X
Hispanic	Male	X	X	X	X	X	X	X	X
Native American	Female	X	X	X	X	X	X	X	X
Asian American	Female	X	X	X	X	X	X	X	X
African American	Female	X	X	X	X	X	X	X	X
Hispanic	Female	X	X	X	X	X	X	X	X
White	Female	X	X	X	X	X	X	X	X
Native American	M&F	X	X	X	X	X	X	X	X
Asian American	M&F	X	X	X	X	X	X	X	X
African American	M&F	X	X	X	X	X	X	X	X
Hispanic	M&F	X	X	X	X	X	X	X	X
All MBE	M&F	x	x	x	563	x	x	x	17.5%
All	Female	x	x	x	330	x	x	x	10.3%
Disabled	M&F	x	x	x	11	x	x	x	0.3%
All M/W/DSBE	M&F	x	x	x	687	x	x	x	21.4%
All Firms	M&F	x	x	x	3,217				

Source: City of Philadelphia Procurement Department (2011), Econsult Corporation (2011)

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 32.5 percent across all contract categories if the OEO directory is used, versus 17.5 percent if Procurement Department data are used.
  - WBE availability of 18.1 percent across all contract categories if the OEO directory is used, versus 10.3 percent if Procurement Department data are used.
  - M/W/DSBE availability of 51.0 percent across all contract categories if the OEO directory is used, versus 21.4 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.

APPENDIX F: AVAILABILITY CHARTS – WEIGHTED APPROACH

In a departure from previous years' methodology for calculating "A3" (# M/W/DSBEs > 1 Employee Divided by # All Firms > 1 Employee in Philadelphia MSA), 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 2010 Disparity Study weights the 2007 SBO data according to the distribution of FY 2010 spending by industry, per the FY 2010 Participation Report. Hence, 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 2010, 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. PPS contracts were manually sorted into two-digit NAICS codes by OEO staff. PW and SSE contracts were sorted into two-digit NAICS codes by converting the commodity codes associated with each contract into their equivalent two-digit NAICS code.[88]

2. Spending, as reported in the FY 2010 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 F.1 and Table F.2).

[88] Many commodity codes are associated with multiple two-digit NAICS codes. In these cases, they were weighted accordingly. If a contract's commodity code corresponded with NAICS code 23 (Construction), then its entire dollar amount was assigned to NAICS code 23; but if a contract's commodity code corresponded with multiple two-digit NAICS codes, then its dollar amount was apportioned based on those multiple two-digit NAICS codes. For example, if a commodity code corresponded with NAICS codes 231111, 231112, and 421111, then two-thirds of its dollar amount was assigned to NAICS code 23 and one-third of its dollar amount was assigned to NAICS code 42.

Table F.1 – City Spending Amounts from FY 2010 Participation Report, Sorted by Two-Digit NAICS Code

NAICS[89]	PW	PPS	SSE	All Contract Types
11	$410,867	$0	$58,636	$469,503
21	$241,653	$0	$0	$241,653
22	$61,857	$0	$0	$61,857
23	$60,691,267	$0	$739,285	$61,430,552
31	$821,734	$0	$81,384	$903,118
32	$6,113,694	$0	$1,028,624	$7,142,318
33	$21,609,821	$0	$7,078,003	$28,687,824
42	$5,094,208	$0	$50,344,073	$55,438,281

[89] Two-digit NAICS code descriptions are as follows:

- 11 Forestry, fishing & hunting, & ag support services (113-115)
- 21 Mining, quarrying, and oil and gas extraction
- 22 Utilities
- 23 Mining, quarrying, and oil and gas extraction
- 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 Mang and Remediation Srvs
- 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[89]	PW	PPS	SSE	All Contract Types
44	$459,145	$1,121,840	$0	$1,580,985
45	$61,857	$0	$60,002	$121,859
48	$284,826	$170,213	$10,260,793	$10,715,832
49	$0	$0	$378,077	$378,077
51	$123,714	$0	$163,915	$287,629
52	$0	$36,644,067	$2,500,000	$39,144,067
53	$352,011	$110,000	$594,543	$1,056,554
54	$821,734	$175,005,730	$953,034	$176,780,498
55	$0	$0	$0	$0
56	$19,525,918	$437,484	$62,176,028	$82,139,430
61	$0	$245,149	$0	$245,149
62	$0	$79,698,666	$9,052,000	$88,750,666
71	$0	$0	$0	$0
72	$61,857	$0	$17,043,546	$17,105,403
81	$1,232,600	$0	$8,063,344	$9,295,944
92	$0	$2,148,524	$0	$2,148,524
Total	$117,968,762	$295,581,673	$170,575,287	$584,125,723

Source: City of Philadelphia Office of Economic Opportunity (2011), Econsult Corporation (2011)

Table F.2 – City Spending Proportions from FY 2010 Participation Report, Sorted by Two-Digit NAICS Code

NAICS	PW	PPS	SSE	All Contract Types
11	0.3%	0.0%	0.0%	0.1%
21	0.2%	0.0%	0.0%	0.0%
22	0.1%	0.0%	0.0%	0.0%
23	51.4%	0.0%	0.4%	10.5%
31	0.7%	0.0%	0.0%	0.2%

NAICS	PW	PPS	SSE	All Contract Types
32	5.2%	0.0%	0.6%	1.2%
33	18.3%	0.0%	4.1%	4.9%
42	4.3%	0.0%	29.5%	9.5%
44	0.4%	0.4%	0.0%	0.3%
45	0.1%	0.0%	0.0%	0.0%
48	0.2%	0.1%	6.0%	1.8%
49	0.0%	0.0%	0.2%	0.1%
51	0.1%	0.0%	0.1%	0.0%
52	0.0%	12.4%	1.5%	6.7%
53	0.3%	0.0%	0.3%	0.2%
54	0.7%	59.1%	0.6%	30.3%
55	0.0%	0.0%	0.0%	0.0%
56	16.6%	0.1%	36.5%	14.1%
61	0.0%	0.1%	0.0%	0.0%
62	0.0%	27.0%	5.3%	15.2%
71	0.0%	0.0%	0.0%	0.0%
72	0.1%	0.0%	10.0%	2.9%
81	1.0%	0.0%	4.7%	1.6%
92	0.0%	0.7%	0.0%	0.4%
Total	100.0%	100%	100%	100%

Source: City of Philadelphia Office of Economic Opportunity (2011), Econsult Corporation (2011)

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

Table F.3 – Number of Firms with Employees by M/W/DSBE Category, Sorted by Two-Digit NAICS Code

NAICS Code	African American	Hispanic	Female	Asian	Native American	All Firms
11	0	0	0	1	0	106
21	0	0	0	0	0	43
22	0	0	0	0	0	80
23	169	224	1285	138	0	14065
31-33	28	32	614	174	0	5540
42	62	0	828	374	0	7908
44-45	232	289	2118	2137	17	13285
48-49	63	88	247	0	0	2721
51	14	1	123	33	0	1410
52	100	49	0	123	5	6019
53	59	0	0	72	0	4586
54	303	157	2973	889	0	17379
55	0	0	61	0	0	1998
56	242	0	1444	0	16	7785
61	56	0	387	42	0	1861
62	575	123	2021	538	0	11919
71	0	0	272	46	0	1922
72	267	398	1414	2124	0	10064
81	245	154	1768	1090	0	8739
99	0	0	0	0	0	181
Total	2,481	1,849	16,689	8,054	169	114,885

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

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

NAICS Code	African American	Hispanic	Female	Asian	Native American
11	0.0%	0.0%	0.0%	0.0%	0.0%
21	0.0%	0.0%	0.0%	0.0%	0.0%
22	0.0%	0.0%	0.0%	1.0%	0.0%
23	1.2%	1.6%	9.1%	3.2%	0.0%
31-33	0.5%	0.6%	11.1%	4.7%	0.0%
42	0.8%	0.0%	10.5%	16.1%	0.1%
44-45	1.7%	2.2%	16.0%	0.0%	0.0%
48-49	2.3%	3.2%	9.1%	2.4%	0.0%
51	1.0%	0.1%	8.8%	2.1%	0.1%
52	1.7%	0.8%	0.0%	1.6%	0.0%
53	1.3%	0.0%	0.0%	5.1%	0.0%
54	1.7%	0.9%	17.2%	0.0%	0.0%
55	0.0%	0.0%	3.5%	0.0%	0.2%
56	3.1%	0.0%	18.5%	2.4%	0.0%
61	3.0%	0.0%	20.8%	4.5%	0.0%
62	4.8%	1.0%	17.0%	2.4%	0.0%
71	0.0%	0.0%	14.2%	21.1%	0.0%
72	2.7%	4.0%	14.1%	12.5%	0.0%
81	2.8%	1.8%	20.2%	0.0%	0.0%
99	0.0%	0.0%	0.0%	7.0%	0.1%
Total	2.2%	1.6%	14.5%	7.0%	0.1%

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

4. These SBO results were then multiplied through by FY 2010 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 "A3" Availability for any particular M/W/DSBE category for any particular contract type (or for all contract types) (see Table F.5).

Table F.5 – FY 2010 Availability ("A3"), 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 2010 (Weighted Approach)				FY 2010 (Unweighted Approach)				FY 2006 - FY 2009			
		PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
Native American	Male & Female	0.0%	0.0%	0.1%	0.0%	0.2%	0.1%	0.1%	0.2%	0.2%	0.1%	0.1%	0.2%
Asian American	Male & Female	1.5%	4.9%	5.3%	4.3%	0.9%	4.8%	8.7%	5.5%	0.9%	4.8%	8.7%	5.5%
African American	Male & Female	1.4%	2.4%	2.3%	2.2%	1.2%	2.6%	2.0%	2.1%	1.4%	2.2%	2.3%	2.1%
Hispanic	Male & Female	1.2%	0.9%	0.8%	1.0%	1.5%	0.9%	1.7%	1.6%	1.0%	0.6%	0.8%	1.2%
All MBE	Male & Female	4.1%	7.3%	8.5%	7.5%	3.7%	8.2%	12.6%	9.4%	3.4%	7.7%	11.9%	9.0%
All	Female	10.8%	16.3%	14.8%	15.0%	9.6%	14.2%	14.7%	14.5%	9.3%	18.3%	14.3%	15.5%
Disabled	Male & Female	X	X	X	X	X	X	X	X	X	X	X	X
All M/W/DSBE	Male & Female	14.9%	23.6%	23.3%	22.5%	13.3%	22.4%	27.2%	23.9%	12.7%	26.0%	27.4%	24.6%
All Firms	All	N/A	N/A	N/A	114,885	22,326	52,425	40,452	115,644	22,305	50,908	40,652	114,869

Source: City of Philadelphia Office of Economic Opportunity (2011), Econsult Corporation (2011), US Census Survey of Business Owners (2007)

For most M/W/DSBE categories and contract types, the weighted approach yields very similar results as the unweighted approach. Overall M/W/DSBE availability is lower using the weighted approach than the unweighted approach because MBE availability is lower, which is lower because Asian American availability is lower, which is lower because Asian American availability for SSE contracts is lower. This is because the weighted approach more heavily weights contracts in NAICS code 56 ("Administrative and Support and Waste Management and Remediation Services"), because it accounts for 37 percent of SSE contracts in FY 2010; Asian availability in that two-digit NAICS code was 2.4 percent. All other combinations of contract type and M/W/DSBE category are relatively similar using the unweighted and weighted approaches.

APPENDIX G: DISPARITY CHARTS

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

First, we can match Utilization ("U1") with Availability "(A1"), because both consider just the City as the unit of geography (see Table G.1).

Table G.1 – FY 2010 Disparity Ratio ("D1") = Availability Based on # of Minority-, Women-, and Disabled-Owned Firms Located within the City of Philadelphia Divided by # of All Firms Located within the City of Philadelphia

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

Source: Econsult Corporation (2010, 2011); Utilization = OEO Annual Participation Report (FY 2009, FY 2010); Availability = US Census Bureau Survey of Business Owners (2002), US Small Business Administration - Philadelphia District Office (2004)

As described in Section 2 and in Section 3.2, there is a broad and a narrow approach to defining M/W/DSBE availability. Based on the broad approach and using 2002 and 2007 US Census data, we can further delineate between the number of firms, the number of firms with paid employees, the aggregate annual revenues of firms, and the aggregate annual revenues of firms with paid employees.

These represent four approaches to determining the appropriate availability of M/W/DSBEs, and therefore four sets of results in determining the disparity ratio, which we call "D2," "D3," "D4," and "D5." Table G.2, Table G.3, Table G.4, Table G.5, and Table G.6 provide an overview of the City's utilization of M/W/DSBEs in its awarding of contracts:

- The first two columns delineate which M/W/DSBE category is being considered.
- The following three columns show the utilization of various M/W/DSBE categories in Public Works contracts.
- The next three columns show the utilization of various M/W/DSBE categories in Personal and Professional Services contracts.
- The next three columns show the utilization of various M/W/DSBE categories in Services, Supplies, and Equipment contracts.
- The following 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 nine counties in the Philadelphia Metropolitan Statistical Area (MSA) ("Metro"), or regardless of where they are located ("All"). In this way, we can further determine the utilization of local M/W/DSBEs, not just all M/W/DSBEs.

Table G.2 – FY 2010 Disparity ("D2") = Availability Based on # of Minority-, Women-, and Disabled-Owned Firms Located within the Philadelphia MSA Divided by # of All Firms Located within the Philadelphia MSA (Unweighted Approach)

Category		PW			PPS			SSE			All City Contracts		
Ethnicity	Gender	City	Metro	All	City	Metro	All	City	Metro	All	City	Metro	All
Native American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Male	x	x	x	x	x	x	x	x	x	x	x	x
African American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Male	x	x	x	x	x	x	x	x	x	x	x	x
Native American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Female	x	x	x	x	x	x	x	x	x	x	x	x
African American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Female	x	x	x	x	x	x	x	x	x	x	x	x
White	Female	x	x	x	x	x	x	x	x	x	x	x	x
Native American	M&F	0.0	0.0	7.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Asian American	M&F	X	X	X	0.0	0.4	0.5	0.0	0.0	0.1	0.1	0.3	0.4
African American	M&F	0.3	2.0	2.5	0.7	0.9	1.4	3.3	3.4	6.8	0.9	1.1	2.0
Hispanic	M&F	0.1	0.8	0.8	0.1	0.1	0.5	0.2	0.2	0.2	0.1	0.3	0.4
All MBE	M&F	0.4	1.8	2.4	0.3	0.6	0.9	1.0	1.0	2.0	0.4	0.7	1.1
Disabled	M&F	X	X	X	X	X	X	X	X	X	X	X	X
All	Female	0.2	1.1	1.4	0.1	0.1	0.3	0.2	0.2	0.3	0.1	0.2	0.3
All M/W/DSBE	M&F	0.3	1.3	1.6	0.1	0.2	0.4	0.4	0.4	0.8	0.2	0.3	0.5

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

Table G.3 – FY 2010 Disparity ("D3") = Availability Based on # of Minority-, Women-, and Disabled-Owned Firms with Employees Located within the Philadelphia MSA Divided by # of All Firms with Employees Located within the Philadelphia MSA (Unweighted Approach)

Category		PW			PPS			SSE			All City Contracts		
Ethnicity	Gender	City	Metro	All	City	Metro	All	City	Metro	All	City	Metro	All
Native American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Male	x	x	x	x	x	x	x	x	x	x	x	x
African American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Male	x	x	x	x	x	x	x	x	x	x	x	x
Native American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Female	x	x	x	x	x	x	x	x	x	x	x	x
African American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Female	x	x	x	x	x	x	x	x	x	x	x	x
White	Female	x	x	x	x	x	x	x	x	x	x	x	x
Native American	M&F	0.0	0.0	4.8	0.0	0.0	0.0	X	X	X	0	0.0	1.4
Asian American	M&F	X	X	X	0.0	0.4	0.5	0	0	0	0	0.2	0.3
African American	M&F	0.6	4.5	5.6	1.6	2.0	3.2	13.4	13.9	27.9	2.5	3.2	5.6
Hispanic	M&F	0.4	2.1	2.1	0.1	0.2	0.6	0.3	0.3	0.3	0.2	0.5	0.7
All MBE	M&F	0.9	3.9	5.2	0.5	0.8	1.3	1.2	1.2	2.5	0.6	1.0	1.7
Disabled	M&F	X	X	X	X	X	X	X	X	X	X	X	X
All	Female	0.2	1.0	1.3	0.1	0.2	0.5	0.4	0.5	0.6	0.2	0.3	0.6
All M/W/DSBE	M&F	0.4	1.6	2.0	0.2	0.3	0.6	0.7	0.7	1.2	0.3	0.5	0.8

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

Table G.4 – FY 2010 Disparity ("D3") = Availability Based on # of Minority-, Women-, and Disabled-Owned Firms with Employees Located within the Philadelphia MSA Divided by # of All Firms with Employees Located within the Philadelphia MSA (Weighted Approach)

Category		PW			PPS			SSE			All City Contracts		
Ethnicity	Gender	City	Metro	All	City	Metro	All	City	Metro	All	City	Metro	All
Native American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Male	x	x	x	x	x	x	x	x	x	x	x	x
African American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Male	x	x	x	x	x	x	x	x	x	x	x	x
Native American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Female	x	x	x	x	x	x	x	x	x	x	x	x
African American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Female	x	x	x	x	x	x	x	x	x	x	x	x
White	Female	x	x	x	x	x	x	x	x	x	x	x	x
Native American	M&F	X	X	X	X	X	X	0.0	0.0	0.0	X	X	X
Asian American	M&F	0.8	1.9	2.1	0.0	0.3	0.4	0.0	0.0	0.0	0.0	0.3	0.4
African American	M&F	0.6	4.2	5.2	1.3	1.6	2.6	5.2	5.4	10.9	2.3	3.0	5.4
Hispanic	M&F	0.3	1.9	1.9	0.2	0.2	0.7	0.4	0.4	0.4	0.2	0.6	0.9
All MBE	M&F	0.6	2.7	3.5	0.5	0.8	1.2	1.5	1.5	3.0	0.8	1.2	2.0
Disabled	M&F	X	X	X	X	X	X	X	X	X	X	X	X
All	Female	0.2	0.8	1.0	0.1	0.2	0.5	0.4	0.5	0.6	0.2	0.4	0.6
All M/W/DSBE	M&F	0.3	1.2	1.5	0.2	0.3	0.6	0.7	0.7	1.3	0.3	0.6	0.9

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

Table G.5 – FY 2010 Disparity ("D4") = Availability Based on Revenue of Minority-, Women-, and Disabled-Owned Firms Located within the Philadelphia MSA Divided by Revenue of All Firms Located within the Philadelphia MSA (Unweighted Approach)

Category		PW			PPS			SSE			All City Contracts		
Ethnicity	Gender	City	Metro	All	City	Metro	All	City	Metro	All	City	Metro	All
Native American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Male	x	x	x	x	x	x	x	x	x	x	x	x
African American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Male	x	x	x	x	x	x	x	x	x	x	x	x
Native American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Female	x	x	x	x	x	x	x	x	x	x	x	x
African American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Female	x	x	x	x	x	x	x	x	x	x	x	x
White	Female	x	x	x	x	x	x	x	x	x	x	x	x
Native American	M&F	X	X	X	X	X	X	0.0	0.0	0.0	X	X	X
Asian American	M&F	X	X	X	X	X	X	0.0	0.0	0.3	0.4	1.5	2.1
African American	M&F	X	X	X	X	X	X	120.6	124.9	250.9	17.2	22.3	39.3
Hispanic	M&F	X	X	X	X	X	X	3.4	3.4	3.4	1.2	3.2	4.4
All MBE	M&F	X	X	X	X	X	X	9.5	9.9	19.8	4.1	6.2	10.6
Disabled	M&F	X	X	X	X	X	X	X	X	X	X	X	X
All	Female	X	X	X	X	X	X	7.0	7.6	9.5	1.1	1.8	3.0
All M/W/DSBE	M&F	X	X	X	X	X	X	7.3	7.6	13.2	1.8	2.8	4.7

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

Table G.6 – FY 2010 Disparity ("D5") = Availability Based on Revenue of Minority-Owned and Women-Owned Firms with Employees Located within the Philadelphia MSA Divided by Revenue of All Firms with Employees Located within the Philadelphia MSA (Unweighted Approach)

Category		PW			PPS			SSE			All City Contracts		
Ethnicity	Gender	City	Metro	All	City	Metro	All	City	Metro	All	City	Metro	All
Native American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Male	x	x	x	x	x	x	x	x	x	x	x	x
African American	Male	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Male	x	x	x	x	x	x	x	x	x	x	x	x
Native American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Asian American	Female	x	x	x	x	x	x	x	x	x	x	x	x
African American	Female	x	x	x	x	x	x	x	x	x	x	x	x
Hispanic	Female	x	x	x	x	x	x	x	x	x	x	x	x
White	Female	x	x	x	x	x	x	x	x	x	x	x	x
Native American	M&F	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	M&F	X	X	X	X	X	X	0.0	0.0	0.7	1.6	6.2	8.3
African American	M&F	1.7	11.7	14.6	X	X	X	X	X	X	17.2	22.3	39.3
Hispanic	M&F	X	X	X	X	X	X	X	X	X	X	X	X
All MBE	M&F	5.0	21.8	29.1	X	X	X	24.8	25.7	51.6	19.1	29.0	49.5
Disabled	M&F	X	X	X	X	X	X	X	X	X	X	X	X
All	Female	X	X	X	X	X	X	7.9	8.5	10.7	1.2	2.0	3.3
All M/W/DSBE	M&F	X	X	X	X	X	X	13.0	13.4	23.4	2.5	4.0	6.7

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

Table G.7 provides an overview of the City's disparity ratios, using the OEO directory as the numerator and Procurement Department data as the denominator ("D6"). Table G.8 provides an overview of the City's disparity ratios, using Procurement Department data as both the numerator and the denominator ("D7").

Table G.7 – FY 2010 Disparity ("D6") – 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		PW			PPS			SSE			All City Contracts		
Ethnicity	Gender	City	Metro	All	City	Metro	All	City	Metro	All	City	Metro	All
Native American	Male	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	Male	X	X	X	X	X	X	X	X	X	X	X	X
African American	Male	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	Male	X	X	X	X	X	X	X	X	X	X	X	X
Native American	Female	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	Female	X	X	X	X	X	X	X	X	X	X	X	X
African American	Female	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	Female	X	X	X	X	X	X	X	X	X	X	X	X
White	Female	X	X	X	X	X	X	X	X	X	0.3	0.5	0.7
Native American	M&F	X	X	X	X	X	X	X	X	X	0.0	0.0	6.7
Asian American	M&F	X	X	X	X	X	X	X	X	X	0.2	0.6	0.8
African American	M&F	X	X	X	X	X	X	X	X	X	0.5	0.6	1.1
Hispanic	M&F	X	X	X	X	X	X	X	X	X	0.2	0.4	0.6
All MBE	M&F	X	X	X	X	X	X	X	X	X	0.3	0.4	0.7
Disabled	M&F	X	X	X	X	X	X	X	X	X	x	x	x
All	Female	X	X	X	X	X	X	X	X	X	0.3	0.4	0.7
All M/W/DSBE	M&F	X	X	X	X	X	X	X	X	X	0.2	0.4	0.6

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

"X" denotes data unavailable or insufficient.

Table G.8 – FY 2010 Disparity ("D7") – 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		PW			PPS			SSE			All City Contracts		
Ethnicity	Gender	City	Metro	All	City	Metro	All	City	Metro	All	City	Metro	All
Native American	Male	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	Male	X	X	X	X	X	X	X	X	X	X	X	X
African American	Male	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	Male	X	X	X	X	X	X	X	X	X	X	X	X
Native American	Female	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	Female	X	X	X	X	X	X	X	X	X	X	X	X
African American	Female	X	X	X	X	X	X	X	X	X	X	X	X
Hispanic	Female	X	X	X	X	X	X	X	X	X	X	X	X
White	Female	X	X	X	X	X	X	X	X	X	X	X	X
Native American	M&F	X	X	X	X	X	X	X	X	X	X	X	X
Asian American	M&F	X	X	X	X	X	X	X	X	X	X	X	X
African American	M&F	X	X	X	X	X	X	X	X	X	x	x	x
Hispanic	M&F	X	X	X	X	X	X	X	X	X	x	x	x
All MBE	M&F	X	X	X	X	X	X	X	X	X	0.3	0.5	0.8
Disabled	M&F	X	X	X	X	X	X	X	X	X	x	x	x
All	Female	X	X	X	X	X	X	X	X	X	0.3	0.5	0.9
All M/W/DSBE	M&F	X	X	X	X	X	X	X	X	X	0.4	0.6	1.0

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

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 0.4 for MBEs and 0.4 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 is 0.5 for MBEs and 0.5 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 ("D3"), with our main form of utilization rate ("U2") and availability rate ("A3"), for each M/W/DSBE category (see Table G.9 to G.17).

Table G.9 – FY 2010 Utilization ("U2"), Availability ("A3"), and Disparity ("D3") for OEO-Registered White Females

	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types
U2	6.5%	2.2%	4.5%	3.7%
A3	X	X	X	X
D3	X	X	X	X

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

Table G.10 – FY 2010 Utilization ("U2"), Availability ("A3"), and Disparity ("D3") for OEO-Registered Native Americans

	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types
U2	0.0%	0.2%	0.3%	0.6%
A3	0.3%	0.2%	X	0.2%
D3	0.00	0.00	X	0.00

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

Table G.11 – FY 2010 Utilization ("U2"), Availability ("A3"), and Disparity ("D3") for OEO-Registered Asian Americans

	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types
U2	2.8%	1.3%	0.0%	1.2%
A3	X	3.6%	8.4%	5.5%
D3	X	0.37	0.00	0.22

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

Table G.12 – FY 2010 Utilization ("U2"), Availability ("A3"), and Disparity ("D3") for OEO-Registered African Americans

	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types
U2	5.8%	3.8%	12.5%	6.7%
A3	1.3%	1.9%	0.9%	2.1%
D3	4.49	1.99	13.88	3.18

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

Table G.13 – FY 2010 Utilization ("U2"), Availability ("A3"), and Disparity ("D3") for OEO-Registered Hispanics

	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types
U2	2.3%	0.2%	0.3%	0.6%
A3	1.5%	0.9%	1.7%	1.6%
D3	2.07	0.17	0.34	0.53

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

Table G.14 – FY 2010 Utilization ("U2"), Availability ("A3"), and Disparity ("D3") for All OEO-Registered MBEs

	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types
U2	10.9%	5.6%	12.8%	8.7%
A3	2.8%	6.7%	10.3%	9.0%
D3	3.90	0.83	1.25	0.97

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

Table G.15 – FY 2010 Utilization ("U2"), Availability ("A3"), and Disparity ("D3") for All OEO-Registered WBEs

	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types
U2	8.1%	3.6%	6.8%	5.4%
A3	9.5%	14.0%	14.4%	14.2%
D3	1.00	0.20	0.48	0.35

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

Table G.16 – FY 2010 Utilization ("U2"), Availability ("A3"), and Disparity ("D3") for All OEO-Registered DSBEs

	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types
U2	0.0%	0.0%	0.0%	0.0%
A3	X	X	X	X
D3	X	X	X	X

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

Table G.17 – FY 2010 Utilization ("U2"), Availability ("A3"), and Disparity ("D3") for All OEO-Registered M/W/DSBEs

	FY 10 PW	FY 10 PPS	FY 10 SSE	FY 10 All Contract Types
U2	17.4%	7.8%	17.4%	12.4%
A3	10.8%	24.6%	24.6%	24.6%
D3	1.61	0.32	0.71	0.51

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

APPENDIX H: HOW AND WHY TO CONDUCT A MORE DETAILED DISPARITY STUDY

Because of the scope and budget of the Annual Disparity Study currently required by City ordinance and conducted by Econsult Corporation for the past five fiscal years, analysis of availability is necessarily streamlined and the focus of the report's results are on the utilization side. However, understanding availability at a finer level is important for a number of reasons:

- The legal precedents set by *Croson*, *Adarand*, and other relevant court cases illustrates the fundamental need to understand the proportion of "ready, willing, and able" firms that are in various M/W/DSBE categories, without which goal-setting runs the risk of being done in a way that exposes a jurisdiction to legal challenge.

- The data sets currently used by Econsult all have their flaws in terms of proxying for M/W/DSBE availability.

    - US Census Bureau Survey of Business Owners data only comes out once every five years, and establishes only some rough sense of capacity (as measured by only including firms with employees) without regard to interest in bidding on and expertise to bid on City contracts.

    - Procurement Department data and the OEO directory speak to firms' immediate readiness to do business with the City, but do not speak to whether these firms actually possess the skills and capacity to perform work, nor do they account for firms that are otherwise "ready, willing, and able" but have not yet registered with the City or with OEO.

- Region-wide notions of availability, sorted by contract type, do not provide much direct guidance to OEO and to other decision-makers concerning the specific goals that should be set for a department or for an individual contract or set of contracts.

Because of its inherent subjectivity, knowing availability at any sort of level of detail or precision is notoriously difficult. Nevertheless, exploring availability at a deeper level may be useful, not necessarily on an annual basis but perhaps every three to six years.

The FY 2010 report has provided two, relatively small incremental improvements over past reports. First, the recent release of 2007 US Census Bureau Survey of Business Owners enables a refreshment of availability measures using that data set, since past reports had to rely on the 2002 version of that data set. Second, additional analysis was done to look at availability for

commodity codes in which the City spends significant amounts but for which there are few or no firms in the OEO directory. This additional analysis took two forms: first, the 7 US Census Bureau Survey of Business Owners was used to see whether these commodity codes had many or few firms nationally, to get a sense of how specialized and centralized those industries are, and second, for those commodity codes for which it appeared there were many qualified firms nationally, a search was conducted of other cities' M/W/DSBE directories to determine if M/W/DSBEs could be located in those categories (see Appendix K). It is recommended that OEO follow through on both of these measures to further understand if and where M/W/DSBEs can be found for City spending opportunities.

However, there are additional availability analyses that are typically a major part of larger Disparity Studies that the City should consider making arrangements to do on a non-annual basis. These involve far more extensive primary and secondary research efforts, as well as analysis of additional contracting data, intended to get a sense of M/W/DSBE availability that is more precise and more nuanced:

- Primary research efforts include surveys, interviews, and focus groups, with questions and agendas designed to cull anecdotal evidence, obtain data that might not otherwise be publicly available, and interpret preliminary data findings from other sources (see Figure H.1).

- Secondary research efforts include collecting, cleaning, combining, and analyzing existing lists of firms and firm characteristics, in order to develop a sense of availability at the level of individual spending categories (see Figure H.2).

- Analysis of contracting data takes a closer look at specific interactions the City has had with prospective contractors, and at specific decisions the City has made concerning individual contract opportunities (see Figure H.3).

Figure H.1 – Recommended Questions and Issues to Cover in Primary Research Efforts Such as Surveys, Interviews, and Focus Groups

Procurement Officers	Non-M/W/DSBE Contractors	M/W/DSBE Contractors	M/W/DSBE Advocates
• What is your understanding of your jurisdictions M/W/DSBE procurement objectives? • How do those objectives reconcile or conflict with other objectives you have when purchasing products and services? • What programs and policies are in place to help achieve those objectives? • What do you perceive to be the strengths and weaknesses of those programs and policies? • What does your department do to encourage M/W/DSBE participation? • Do you provide outreach or capacity building resources? • To what extent does the mix of products and services you procure make it easier or harder to find qualified M/W/DSBEs? • Where do you find qualified M/W/DSBEs? • Is there anything you can think of that would help you find qualified M/W/DSBEs? • Are you aware of anecdotes of discrimination in procurement?	• What is your understanding of your jurisdictions M/W/DSBE procurement objectives? • What programs and policies are in place to help achieve those objectives? • What has been your experience with various procurement departments within your jurisdiction? • What do you perceive to be the strengths and weaknesses of those programs and policies? • What do you do to encourage partnering with M/W/DSBEs? • Where do you find qualified M/W/DSBEs to partner with? • Is there anything you can think of that would help you find qualified M/W/DSBEs to partner with? • Are you aware of anecdotes of discrimination in procurement?	• What is your understanding of your jurisdictions M/W/DSBE procurement objectives? • What programs and policies are in place to help achieve those objectives? • What has been your experience with various procurement departments within your jurisdiction? • What do you perceive to be the strengths and weaknesses of those programs and policies? • What do you to encourage partnering with M/W/DSBEs? • Where do you find out about contract opportunities? • Is there anything you can think of that would help you find contract opportunities? • Where do you find firms to partner with? • Is there anything you can think of that would help you find firms to partner with? • To what extent does the mix of products and services you offer make it easier or harder to do work within your jurisdiction? • Are you aware of anecdotes of discrimination in procurement?	• What is your understanding of your jurisdictions M/W/DSBE procurement objectives? • What programs and policies are in place to help achieve those objectives? • What has been your experience with various procurement departments within your jurisdiction? • What do you perceive to be the strengths and weaknesses of those programs and policies? • What do you to connect M/W/DSBEs to contract opportunities? • Where do you find out about contract opportunities? • Is there anything you can think of that would help you find contract opportunities? • What do you to connect M/W/DSBEs to partnering firms? • Is there anything you can think of that would help you find firms to partner with? • Do you provide outreach or capacity building resources? • Are you aware of

Procurement Officers	Non-M/W/DSBE Contractors	M/W/DSBE Contractors	M/W/DSBE Advocates
			anecdotes of discrimination in procurement?

Source: Econsult Corporation (2011)

Figure H.2 – Recommended Data Lists and Action Steps Associated with Secondary Research Efforts for Availability Analysis (Based on Econsult Corporation's Pro Bono Work for the Mayor's Advisory Commission for Construction Industry Diversity)

1. Obtain various data sets of firm lists by industry (this list was for MACCID, so a broader availability study would need to account for additional lists covering other industries besides construction)

    - List of minority and female contractors certified by the City's Minority Business Enterprise Council, which is now the Office of Economic Opportunity (OEO), as of Spring 2008
    - List of Pre-Qualification Prime Construction Contractors from the School District of Philadelphia dated December 17, 2008
    - List of minority and female contractors certified by the Pennsylvania Unified Certification Program (PUCP), which includes PennDOT, the Southeastern Pennsylvania Transportation Authority, the Delaware River Port Authority, and the Pennsylvania Turnpike Commission
    - List of minority and female contractors from New Jersey BizNet UCP Directory, which includes NJDOT, New Jersey Transit, and the Port Authority of New York and New Jersey
    - List of minority and female contractors from New Jersey Schools Development Authority
    - List of minority and female contractors from Delaware Office of Minority and Women Business Enterprise
    - List of minority and female contractors from Maryland Minority and Women Business Enterprise

- Minority and female contractors who responded to the Contractor Survey conducted by the Commission's Contracting Committee
- List of minority and female contractors provided by the Technical Assistance Center for Emerging Contractors (TAC)
- List of minority contractors provided by the National Association of Minority Contractors.

2. Filter lists for geographic area
    - The City's MBEC/OEO database and the School District of Philadelphia Pre-qualified Prime Contractor database were kept in their entirety.
    - Only contractors from the 11-County Philadelphia Metropolitan Statistical Area were used from the remaining 8 databases.
3. Combine lists and clean them for duplicates
    - The 10 databases were combined and cleaned of any duplicates that could be identified. This process involved both Stata programming and the more labor intensive process of individual record review. The following elements of the database were used in identifying duplicates:
        i. Name
        ii. Address
        iii. Owner name
        iv. Type of business
4. Translate lists into estimates of availability
    - This data effort should yield a fairly detailed sense of the universe of qualified M/W/DSBE firms in a variety of industry sectors.
    - Some phone follow-up may be needed to verify results and to feed into additional and parallel primary research.

Source: Econsult Corporation (2008, 2011)

Figure H.3 – Recommended Explorations of Procurement Department Data as Part of a More Extensive Disparity Study

Data Set and Action Steps	Advantages	Disadvantages
Use vendor list to determine the universe of firms and the proportion that are various M/W/DSBE categories	Represents a universe that is more likely to be "ready, willing, and able," and is often in a format suited for easy analysis	May be too restrictive, in that additional firms may be otherwise qualified but do not yet appear on such a list
Use bidder data to determine how often firms of different types bid on and were selected for contracts	Can be an insightful look into bidding and awarding patterns in terms of M/W/DSBE participation	May undercount or overcount firms – some will bid that aren't ready, while others are otherwise ready but do not bid
Use purchase orders and actual payments to calculate utilization	Provides another form of utilization, to be compared against utilization as based on awarded contracts	Awarded contracts represent the actual purchasing decisions, while differences with purchase orders and actual payments may be caused by something else

Source: Econsult Corporation (2011)

Because of the importance of not just knowing availability at snapshots in time but also how availability evolves over time, some consideration should be given to institutionalizing processes that enable this extensive data and analytical effort to be replicated in the future. In this regard, the relatively large effort undertaken to complete a more thorough availability study can be amortized over several such studies, as some of the action steps represent fixed costs that no longer need to be borne when updating results. For example, data and survey compilation formats can be re-used, and analytical steps undertaken to calculate availability re-run with new input data.

APPENDIX I: SUMMARY OF FINDINGS FROM FOCUS GROUP DISCUSSION OF M/W/DSBE ISSUES

The project team conducted a focus group and initiated informal discussions with local representatives from the business community. The individuals contacted fell within the following categories: M/W/DSBE, technical assistance provider such as representatives from the local Service Corps of Retired Executives (SCORE) and small business financing sources including the Small Business Administration designated lenders, private institutions and transaction brokers.

These discussions primarily focused on three areas of interests: impact of the current economic climate on M/W/DSBEs, the region's present contracting environment and available resources to support M/W/DSBEs. From the discussions emerged the key themes of the uncertainty regarding the country's financial health, the scarcity of small business financing, for both majority and minority firms, and the lack of clarity regarding resources available to support M/W/DSBEs such as the still unclear understanding of the City's certification and procurement processes. With regard to the business community's perception of the City's efforts to support M/W/DSBEs, the legacy of certification nightmares such as the cumbersomeness of the MBEC certification process, the ill feeling associated with vendors receiving payments from the City extending beyond 30 days and doubt regarding whether there actually is a value in the City's certification process.

From January 2010 to January 2011, the number of certified firms increased by 23 percent or by a total of 307 firms. With a dramatic jump of 75 percent, firms located outside the Philadelphia MSA showed the greatest increase of businesses registered with the City. A partial reason for the increase is the acceptance of reciprocal certifications from other jurisdictions, a policy decision made by OEO in the middle of the FY 2010 study period; however this increase may also speak to a concern raised by local M/W/DSBEs due to unfavorable business practices such as the City's decision in mid-2010 to delay payment to contracting vendors because of budget constraints. Additionally, many vendors are still harboring ill feelings due to the prior concerns of the City's certification efforts that ranged from a highly cumbersome process to other unfavorable business practices.

Discussions with area business leaders revealed that in addition to the challenges cited regarding the tough economic times nationwide, Philadelphia as a mature market presents further obstacles. A mature market is a market that has plateaued at a state of equilibrium marked by the absence of growth or innovation. In a mature market, there is a cap on contracting opportunities, as labor and capital virtually block out new market entrants such as the less developed M/W/DSBE segment. Within Philadelphia, labor constraints such as the burdens of unfunded liabilities and access to a continuous stream of talent places M/W/DSBEs

at a disadvantage against the more established majority firms. Price competition becomes of greater significance because the costs of doing business in a mature market are much higher due to the costs to compete, such as marketing, contracting requirements and skilled labor. To address the issues associated with the impacts of a mature market, the City might consider applying federal contracting procurement practices that enforce small business guidelines to create a more equal playing field for all businesses attempting to compete. Federal guidelines define small businesses as firms that are independently owned, are not dominant in their field of operation, employ no more than 100 persons and earn less than $20 million in gross annual revenues ($25 million in gross annual revenues for those businesses in the information technology sales or service business). These federal guidelines limit competition from larger firms that maintain an advantage due to the size, access to resources and market positioning. Another means of ensuring a fair playing field is to introduce close bid procedures such as the practices pursued by the Commonwealth of Pennsylvania.

Participants shared the concern that no one business, minority or majority, feels comfortable about the future's economic outlook. As businesses continue to feel the pains of the contracting housing market, lingering effects of the collapse of the financial markets and the ongoing threats of the global economy, companies are continuing to delay investments in staff and capital expenditures. This concern is further exacerbated for M/W/DSBEs because often these businesses are started with the disadvantage of limited, to no access, to capital, to markets and to social networks. Thus, the typical M/W/DSBE is improperly positioned to weather the storm of a down market for any extended period of time.

Additionally, a recent trend for small business is the growing emergence of sole proprietors opening businesses for means of sources of income because the lack of jobs in the current labor market. These businesses continue to drain upon the already scarce technical resources while not being able to fully contribute to building capacity for M/W/DSBEs because these businesses tend to only employ one staff member and make no capital investments for equipment. However, the local SCORE Philadelphia chapter reports that many of these businesses are making efforts such as obtaining certifications and implementing operating processes to further enhance their business.

The credit crunch is an issue hindering all businesses; however, this issue is magnified for M/W/DSBEs because of the lack of credit worthiness, the limited financing knowledge and the almost nonexistent credit relationships. Capital access remains the most important factor limiting the establishment, growth and expansion of minority-owned businesses.[90] This reality presents an even greater challenge for M/W/DSBEs trying to survive in the realities of the current economic climate. Not only have the capital markets tightened, but lenders have increased the scrutiny of the loans they will make to only stellar credit rated businesses

[90] "Disparities in Capital Access between Minority and Non-Minority-Owned Businesses," US Minority Business Development Agency (2008).

excluding the majority of M/W/DSBE firms. Traditionally, minority-owned firms pay the highest interest, hold the greatest rate for bank financing rejections and exist on the least amount of equity financing compared to majority firms. By not being able to gain access to capital M/W/DSBE are limited in the contacting work they are able to pursue because contracts, typically contracts that represent expansion, require working capital. Although minority-owned firms outpaced the growth of majority firms, minority-owned firms report fewer employees and gross receipts. In 2002, average gross receipts of minority-owned firms were about $167,000 compared to $439,000 for non-minority firms. Average employment size of minority employer firms was 7.4 employees compared to 11.2 employees for non-minority employer firms in 2002.[91] The inability to obtain working capital causes contractors to be unable to obtain laborers causing a further decline in the economic health of the region.

Minority-Owned Firms Financing Disparities:

- *Firms with gross receipts under $500k, 23 percent of majority firms received loans compared to 17 percent of minority firms.*
  - *Loan denial rates for minority firms was 42 percent compared to majority firms at 16 percent.*
  - *Minority firms paid 7.8 on average for loans compared to 6.4 percent for majority firms.*
- *Source: MBDA*

To address capital shortfalls, M/W/DSBEs must look for financing in alternative sources such as the SBA microloan program that makes funds available for designated intermediary lenders to provide financing up to $50,000, but the average micro loan is about $13,000. Microloans are a means to introduce start-up firms to financing relationships, provide some funding assistance to businesses and establish a repayment history for a business." Due to financing disparities, larger minoiryt-owned firms must also identify non-traditional funding sources. Minority firms with higher sales obtained average loans in the amount of $143,000 compared to majority firms at $310,000.

President Obama signed the Small Business Jobs Act that provided an additional $505 million to the Small Business Administration to support lending efforts for small businesses. To penetrate the $350 billion Hispanic market, the International Franchise Association (IFA) is conducting outreach efforts to increase financial support for Hispanic entrepreneurs interested in franchising opportunities. Minority business focused funding programs such as the recent launch of the Opportunities Industrial Centers (OIC) African American Mindset Initiative that is raising $100 million to provide financing for minority-owned firms.

[91] Ibid.

A question raised in the focus group was whether M/W/DSBEs were positioned to adequately compete within this economic climate. Once again, the limited access to capital presents a barrier to M/W/DSBEs from obtaining working capital to pursue contracts, make capital investments and even hire adequate staff. Thus, M/W/DSBEs are ill prepared to survive the current economic climate.

To combat the challenges of the current economic climate, a clear need for increased technical assistance in the areas of business planning, marketing and alternative financing sources were expressed. It was also stated that there appears to be an unclear understanding of what services are available to small businesses and how these resources might be used to better position these firms. M/W/DSBEs planning to survive in this climate are seeking support to guide them through the complex procurement process and identify needed resources to address the operating concerns of their business.

APPENDIX J: COMMODITY CODES WITH OVER $100,000 IN SUPPLIES, SERVICES, AND EQUIPMENT PURCHASING BY THE CITY IN CALENDAR YEAR 2010 FOR WHICH THERE WERE FEW OR NO M/W/DSBES IN THE OEO DIRECTORY

Table J.1 – Commodity Codes with Over $100,000 in Supplies, Services, and Equipment Purchasing by the City in Calendar Year 2010 for Which There Were Few or No M/W/DSBEs in the OEO Directory

Bid Title	Commodity Group	Amount
TELEPHONE COMMUNICATIONS HARDWARE & SERVICES	20910	$2,000,000
EMERGENCY SEWER EXCAVATIONS/REPAIR& STREET RESTORATIONS (WATER)	32336/26055	$1,600,000
EMERGENCY MED SUPS & EQIPMT	31712	$1,230,000
GC/CHLAMYDIA ANALYZER SYS & ASSAYS (HEALTH)	31710 (SOLE SOURCE)	$1,200,000
AGGREGATE/COARSE & FINE	30511	$1,044,000
HEAVY DUTY TRUCK BODY REPAIRS (FLEET)	26086	$750,000
HEADSET INTERCOM FOR APPARATUS FIRECOM (DOT)	41062	$726,869
PROVIDE RUNWAY/TAXIWAY DE-ICING FLUID TO PIA/NE AIRPORTS (COMMERCE)	30711	$707,450
ELEVATOR ESCALATOR & DUMBWAITER REPAIR SERVS FOR VARS LOCS	26033	$490,000
GLOCK SEMI-AUTOMATIC PISTOLS & MAGATINE PARTS (POLICE)	41240	$487,320
TIRES & TUBES	32817	$480,000
RENTAL OF REAL TIME PCR(HIV-1) ANALYZER & REAGENTS (HEALTH)	41780	$440,000
HIGH PERFORMANCE LIQ CHROMGRPH (LC/MS/MS) {WATER}	26003	$400,000
YSI EQUIPMENT REPAIR AND PARTS	SOLE SOURCE	$326,000
TRAFFIC MARKING COMPOUNDS	30583	$320,000
FIRE BOAT REFURBISHING SERVICES (FLEET)	26050	$250,000
FIRE BOAT REFURBISHING SERVICES (FLEET)	26050	$250,000

Bid Title	Commodity Group	Amount
REPAIR & REPLACEMENT PARTS FOR MOTOR FUEL DIST EQUIP (FLEET)	26039	$250,000
AUTOMATED CHEM ANALYZER SYS REAGENTS/CONSUMABLES/SUPS (HEALTH)	30721	$225,000
DIRECT REPLACEMT PARTS LUMACURE (COMMERCE)	31062	$200,000
DIRECT REPLACEMT PARTS FIRE FIGHTG EQUIPMT (FIRE)	31221	$199,000
MAINT OF DIGITAL LOGGING RECORDER SYS (DOT)	SOLE SOURCE	$172,484
ORASURE & ORAQUICK ADVANCE RAPID HIV TEST DEVICES & CONTROLS (HEALTH)	25084	$170,000
FERROUS & NON-FERROUS METALS	30553/30550	$160,000
MAINT/REPAIR/CALIBRATION OF VIDEO PIPLINE INSPECTION EQUIPT (WATER)	26006	$160,000
REMFRD MAILSTAIR 500 (REVENUE)	42030	$157,323
HEAVY DUTY VEHICLE WASHING	20240	$150,000
RENTAL OF PASSENGER VEHICLES	28542	$120,000
HAYWARD GORDON SCREW CENTRIFUGAL PUMPS (WATER)	41134	$120,000
HAYWARD GORDON SCREW CENTRIFUGAL PUMPS (WATER)	41134	$120,000
LAB KITS AND REAGENTS (POLICE)	31710	$119,220
MILK (OHS)	31322	$110,000
AUTO/LIGHT TRUCK WASH & DETAILING SERVS	20240	$100,000
SAFETRAN & MCCAIN TRAFFIC CONTROLLER PARTS (STREETS)	31050	$100,000

Source: City of Philadelphia Office of Economic Opportunity (2011), Econsult Corporation (2011)

This list of 35 commodity codes is down from the 60 commodity codes in 2008 in which the City spent $100,000 or more where there were no M/W/DSBE firms in the OEO directory identified as being able to do business. However, the two years cannot be easily compared in this way: because of the extensive use of amendments by the City, for most of those commodity codes from 2008, there was no spending in 2010, so the reduction was not as a result of M/W/DSBEs being found for those commodity codes but rather as a result of those commodity codes not

having any activity in 2010; 54 out of 60 commodity codes from 2008 did not have any activity in 2010, and the other six did have activity in 2010 and still did not have any available M/W/DSBE firms in the OEO directory.

APPENDIX K: ADDITIONAL AVAILABILITY ANALYSIS

The City of Philadelphia's Office of Economic Opportunity (OEO) records the City's purchases for each fiscal year and assigns commodity codes to all purchases. The commodity code system is a system specifically used by The City. Using these codes, OEO identifies all registered M/W/DSBEs (if any), that were able to bid on particular services. OEO compiles a listing of all codes and contract dollar amounts where few M/W/DSBEs were registered to bid on City contracts. If there are no registered M/W/DSBEs, OEO records the bid titles as well.

Where possible, OEO matched their commodity code directory with that of the NAICS system, utilized by the United States Census Bureau.[92] One commodity code may have multiple NAICS codes match each commodity code's description. Once the commodity codes are matched to one or more NAICS code, the commodity codes are subsequently matched to the most detailed level presented in the NAICS code system, drilling down as far as six digits.

From the listing provided by OEO, Econsult identified the areas where there were few if any MBEs or WBEs to bid on the City's largest contracts. The magnitude of each contract was recorded in conjunction with the commodity codes that were matched with their NAICS Code complements. Econsult then utilized the Census Bureau's 2007 Survey of Business Owners (SBO) at the national level to discern the number of MBEs or WBEs available in the previously identified areas by the OEO. In additional to the total national count drilling down to the six digit NAICS level, it was possible to identify the specific national counts of particular female, African American and Hispanic businesses for several codes. The overall national counts of businesses as well as the specific counts for minorities and females were collected and compiled (see Table K.1). In two of these NAICS codes, there were few or no available M/W/DSBE firms within the US as a whole, so these spending categories may be prime candidates for being excluded from Disparity Study calculations.

[92] NAICS Codes are used to classify businesses according to types of economic activity associated with the process of production, while the City utilizes a commodity code system. The two systems are not perfect complements. As a result of this, there are several commodity codes that do not have a matching NAICS code

Table K.1 – National Inventory of Firms with Employees in NAICS Codes Corresponding to Commodity Codes with Over $100,000 in Supplies, Services, and Equipment Purchasing by the City in Calendar Year 2010 for Which There Were Few or No M/W/DSBEs in the OEO Directory

Commodity Code(s)	Commodity Code Description	Corresponding NAICS Code(s)	Corresponding NAICS Description	All Firms	Afr-Am	Hisp	Women
20910	Telephone Communications Hardware and Services	237130	Power and Communication Line and Related Structures Construction	4,858	*22*	188	644
		238210	Electrical Contractors and Other Wiring Installation Contractors	79,589	1,004	3,067	6,726
32336/26055	Emergency Sewer Excavations/Repair and Street Restorations	562998	All Other Miscellaneous Waste Management Services	910	*9*	*9*	106
31712	Emergency Med Sups and Equipment	339113	Surgical Appliance and Supplies Manufacturing	1,815	*S*	*40*	134
		423450	Medical, Dental, and Hospital Equipment and Supplies Merchant Wholesalers	7,609	128	422	804
		423490	Other Professional Equipment and Supplies Merchant Wholesalers	1,978	*S*	*S*	149
		446199	All Other Health and Personal Care Stores	7,285	169	495	1,549
31710*	GC/Chlamydia Analyzer System and Assays (Health)	X	X	X	X	X	X
30511	Aggregate/Coarse and Fine	212319	Basaltcrushed and broken stone mining and/or beneficiating	423	*S*	*4*	*19*
26086	Heavy Duty Truck Body Parts (Fleet)	X	X	X	X	X	X
41062	Headset Intercom for Apparatus Firecom (DOT)	334220	Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing	838	*4*	*S*	*64*
		334515	Instrument Manufacturing for Measuring and Testing Electricity and Electrical Signals	784	*	*2*	*55*
		334519	Other Measuring and Controlling Device	733	*1*	*10*	*52*

Commodity Code(s)	Commodity Code Description	Corresponding NAICS Code(s)	Corresponding NAICS Description	All Firms	Afr-Am	Hisp	Women
			Manufacturing				
30711	Provide Runway/Taxiway De-Icing Fluid to PIA/NE Airports (Commerce)	X	X	X	X	X	X
26033	Elevator Escalator and Dumbwaiter Repair Servs for Vars Locs	236220	Commercial and Institutional Building Construction	40,670	536	1,511	3,154
		238290	Other Building Equipment Contractors	5,948	*64*	204	870
		238990	All Other Specialty Trade Contractors	34,661	446	2,271	3,057
		326220	Rubber and Plastics Hoses and Belting Manufacturing	176	*	*S*	*7*
		332323	Ornamental and Architectural Metal Work Manufacturing	2,448	*25*	174	*S*
		333921	Elevator and Moving Stairway Manufacturing	152	*	*1*	*7*
		333922	Conveyor and Conveying Equipment Manufacturing	923	*S*	*S*	*51*
		493130	Farm Product Warehousing and Storage	371	*1*	*S*	*17*
41240	Glock Semi-Automatic Pistols and Magatine Parts (Police)	x	x	x	x	x	x
32817	Tires and Tubes	x	x	x	x	x	x
41780	Rental of Real Time PCR (HIV-1) Analyzer and Reagents (Health)	x	x	x	x	x	x
26003	High Performance Liq Chromgrph (LC/MS/MS) {Water}	x	x	x	x	x	x
*	YSI Equipment Repair and Parts	x	x	x	x	x	x
30583	Traffic Marking Compounds	x	x	x	x	x	x
26050	Fire Boat Refurbishing Services (Fleet)	x	x	x	x	x	x
26039	Repair and Replacement Parts for Motor Fuel Dist Equip (Fleet)	213112	Support Activites for Oil and Gas Operations	7,207	*S*	180	541
		237120	Oil and Gas Pipeline and Related Structures Construction	1,775	*S*	*S*	168
		238220	Plumbing, Heating, and Air-Conditioning Contractors	100,442	1,308	3,522	6,627
		238910	Site Preparation Contractors	42,454	359	1,167	3,165
		332420	Metal Tank (Heavy Gauge) Manufacturing	641	*S*	*5*	*52*

Commodity Code(s)	Commodity Code Description	Corresponding NAICS Code(s)	Corresponding NAICS Description	All Firms	Afr-Am	Hisp	Women
		336211	Motor Vehicle Body Manufacturing	702	*	*19*	*58*
30721	Automated Chem Analyzer Sys Reagents Consumables/Sups (Health)	x	x	x	x	x	x
31062	Direct Replacemt Parts Lumacure (Commerce)	238210	Electrical Contractors and Other Wiring Installation Contractors	79,589	1,004	3,067	6,726
		335311	Power, Distribution, and Specialty Transformer Manufacturing	*272*	*7*	*2*	*31*
		335129	Other Lighting Equipment Manufacturing	311	*	*1*	*S*
31221	Direct Replacemt Parts Fire Fightg Equipmt (Fire)	x	x	x	x	x	x
*	Maint of Digital Logging Recorder Sys (DOT)	x	x	x	x	x	x
25084	Orasure and Oraquick Advance Rapid HIV Test Devices and Controls (Health)	339113	Surgical Appliance and Supplies Manufacturing	1,815	*S*	*40*	134
30553/30550	Ferrous and Non-Ferrous Metals	x	x	x	x	x	x
26006	Maint/Repair/Calibration of Video Pipline Inspection Equipt (Water)	x	x	x	x	x	x
42030	Remfrd Mailstair 500 (Revenue)	x	x	x	x	x	x
20240	Heavy Duty Vehicle Washing	336322	Other Motor Vehicle Electrical and Electronic Equipment Manufacturing	604	*12*	*20*	*41*
		811192	Car Washes	13,702	456	741	1,048
28542	Rental of Passenger Vehicles	x	x	x	x	x	x
41134	Hayward Gordon Screw Centrifugal Pumps (Water)	238290	Other Building Equipment Contractors	5,948	*64*	204	870
		333415	Air-Conditioning and Warm Air Heating Equipment and Commercial and Industrial Refrigeration Equipment Manufacturing	727	*	*S*	*35*
		333911	Pump and Pumping Equipment Manufacturing	408	*	*1*	*38*
		333912	Air and Gas Compressor Manufacturing	321	*	*	*10*

Commodity Code(s)	Commodity Code Description	Corresponding NAICS Code(s)	Corresponding NAICS Description	All Firms	Afr-Am	Hisp	Women
		333913	Measuring and Dispensing Pump Manufacturing	*42*	*	*	*
		333996	Fluid Power Pump and Motor Manufacturing	103	*	*S*	*S*
		334514	Totalizing Fluid Meter and Counting Device Manufacturing	187	*	*S*	*S*
		336312	Gasoline Engine and Engine Parts Manufacturing	950	*S*	*S*	*S*
		336322	Other Motor Vehicle Electrical and Electronic Equipment Manufacturing	604	*12*	*20*	*41*
		336330	Motor Vehicle Steering and Suspension Components (except Spring) Manufacturing	244	*	*	*S*
		336510	Railroad Rolling Stock Manufacturing	142	*	*1*	*5*
		423120	Motor Vehicle Supplies and New Parts Wholesalers	10,408	*54*	584	846
		423730	Warm Air Heating and Air-Conditioning Equipment and Supplies Merchant Wholesalers	2,362	*S*	*62*	161
		423830	Industrial Machinery and Equipment Merchant Wholesalers	24,799	*71*	1,005	2,387
31322	Milk (OHS)	112120	Dairy Cattle and Milk Production	x	x	x	x
		112410	Sheep Farming	x	x	x	x
		112420	Goat Farming	x	x	x	x
		115210	Support Activities for Animal Production	4,199	*S*	102	835
		311511	Fluid Milk Manufacturing	x	x	x	x
		311520	Ice Cream and Frozen Dessert Manufacturing	x	x	x	x
		311999	All Other Miscellaneous Food Manufacturing	581	*7*	*35*	*83*
		424430	Dairy Product (except Dried or	1,527	*S*	111	170

Commodity Code(s)	Commodity Code Description	Corresponding NAICS Code(s)	Corresponding NAICS Description	All Firms	Afr-Am	Hisp	Women
			Canned) Merchant Wholesalers				
		424490	Other Grocery and Related Products Merchant Wholesalers	9,245	150	539	1,091
20240	Auto/Light Truck Wash and Detailing Servs	336322	Other Moto Vehicle Electrical and Electronic Equipment Manufacturing	604	*12*	*20*	*41*
		811192	Car Washes	13,702	456	741	1,048
31050	Safetran and McCain Traffic Controller Parts (Streets)	238210	Electrical Contractors and Other Wiring Installation Contractors	79,589	1,004	3,067	6,726
		334290	Other Communications Equpiment Manufacturing	514	*	*2*	*57*
		335311	Power, Distribution, and Specialty Transformer Manufacturing	272	*7*	*2*	*31*

Source: City of Philadelphia Procurement Department (2010), US Census Bureau Survey of Business Owners (2007), Econsult Corporation (2011)

Legend

X: No Corresponding NAICS information

S: Withheld in SBO survey because estimate did not meet publication standards

*: No information reported in SBO survey

Indicates over 500 firms categorized themselves in conjunction with a particular NAICS code at the national level

Indicates less than 100 firms categorized themselves in conjunction with a particular NAICS code at the national level

Indicates an absence of reported information

Once a count of businesses was assembled from the national SBO data, Econsult looked at the M/W/DSBE vendor lists of other cities that use NAICS codes to identify their registered businesses, in an effort to identify potential areas where the City of Philadelphia can augment its current directory.[93] Seven cities were identified overall that had directories using NAICS codes. The directories of Chicago, Phoenix, Houston and San Antonio identified their businesses with codes that drill down to the six digit level. The directories of Baltimore, Cleveland and Atlanta only offer directories with three digit NAICS code identifiers. Taking these seven cities' vendor lists, Econsult matched the previously identified NAICS codes for the City of Philadelphia's purchases where businesses were available (see Table K.2). About half of these NAICS codes had many available M/W/DSBE firms within any of the six selected jurisdictions, so these spending categories may be prime candidates for outreach by OEO to these and other jurisdictions to find qualified M/W/DSBEs.

[93] Several cities use the National Institute of Government Purchasing (NIGP) system to identify their M/W/DSBEs. The classification system was developed in an effort to classify products and services states and cities purchase as public procurements.

Table K.2 – Inventory of Selected M/W/DSBEs in the Directories of Other Jurisdictions in NAICS Codes Corresponding to Commodity Codes with Over $1 Million in Supplies, Services, and Equipment Purchasing by the City in Calendar Year 2010 for Which There Were Few or No M/W/DSBEs in the OEO Directory[94]

Commodity Code	Commodity Code Description	Corresponding NAICS Code	Corresponding NAICS Description	Chicago	San Antonio	Phoenix	Houston	Cleveland	Atlanta
20910	Telephone Communications Hardware and Services	237130	Power and Communication Line and Related Structures Construction	*2*	28	*4*	*9*	151	124
		238210	Electrical Contractors and Other Wiring Installation Contractos	19	129	24	33	561	438
32336/26055	Emergency Sewer Excavations/Repair and Street Restorations	562998	All Other Miscellaneous Waste Management Services	*2*	11	*0*	*7*	99	81
31712	Emergency Med Sups and Equipment	339113	Surgical Appliance and Supplies Manufacturing	*1*	*0*	*0*	*0*	23	*3*
		423450	Medical, Dental, and Hospital Equipment and Supplies Merchant Wholesalers	*2*	19	*0*	15	**185**	**81**
		423490	Other Professional Equipment and Supplies Merchant Wholesalers	*0*	*8*	*0*	*1*	**185**	**81**
		446199	All Other Health and Personal Care Stores	*0*	*6*	*0*	*1*	*0*	*0*
31710*	GC/Chlamydia Analyzer System and Assays (Health)	x	x	x	x	x	x	x	x
30511	Aggregate/Coarse and Fine	212319	Basaltcrushed and broken stone mining and/or beneficiating	*0*	*0*	*0*	*0*	*0*	*2*
26086	Heavy Duty Truck Body Parts (Fleet)	x	x	x	x	x	x	x	x
41062	Headset Intercom for	334220	Radio and Television	*0*	*1*	*0*	*0*	*10*	*2*

[94] Chicago, San Antonio, Phoenix, and Houston classify firms to the six-digit NAICS code level, so results in this table for those cities represent SBO counts to the six-digit level. Cleveland and Atlanta classify firms to the classify firms to the three-digit NAICS code level, so results in this table for those cities represent SBO counts to the three-digit level. Thus, for example, if the NAICS code is "237130," the results for Chicago, San Antonio, Phoenix, and Houston represent the firms in their directories that fall under the NAICS code "237130," while the results for Cleveland and Atlanta represent the firms in their directories that fall under all NAICS codes that start with "237."

Commodity Code	Commodity Code Description	Corresponding NAICS Code	Corresponding NAICS Description	Chicago	San Antonio	Phoenix	Houston	Cleveland	Atlanta
	Apparatus Firecom (DOT)		Broadcasting and Wireless Communications Equipment Manufacturing						
		334515	Instrument Manufacturing for Measuring and Testing Electricity and Electrical Signals	*0*	*1*	*0*	*0*	*10*	*2*
		334519	Other Measuring and Controlling Device Manufacturing	*0*	*4*	*0*	*0*	*10*	*2*
30711	Provide Runway/Taxiway De-Icing Fluid to PIA/NE Airports (Commerce)	x	x	x	x	x	x	x	x
26033	Elevator Escalator and Dumbwaiter Repair Servs for Vars Locs	236220	Commercial and Institutional Building Construction	45	**127**	22	**116**	**152**	**254**
		238290	Other Building Equipment Contractors	*6*	*6*	*1*	*3*	561	**438**
		238990	All Other Specialty Trade Contractors	11	35	26	**54**	561	**438**
		326220	Rubber and Plastics Hoses and Belting Manufacturing	*0*	*0*	*0*	*0*	*4*	*2*
		332323	Ornamental and Architectural Metal Work Manufacturing	*1*	*3*	*1*	*1*	49	*9*
		333921	Elevator and Moving Stairway Manufacturing	*0*	*0*	*0*	*0*	11	*1*
		333922	Conveyor and Conveying Equipment Manufacturing	*1*	*0*	*0*	*0*	11	*1*
		493130	Farm Product Warehousing and Storage	*0*	*0*	*0*	*0*	*6*	*5*
41240	Glock Semi-Automatic Pistols and Magatine Parts (Police)	x	x	x	x	x	x	x	x
32817	Tires and Tubes	x	x	x	x	x	x	x	x
41780	Rental of Real Time PCR (HIV-1) Analyzer and Reagents (Health)	x	x	x	x	x	x	x	x
26003	High Performance Liq Chromgrph (LC/MS/MS) {Water}	x	x	x	x	x	x	x	x

Commodity Code	Commodity Code Description	Corresponding NAICS Code	Corresponding NAICS Description	Chicago	San Antonio	Phoenix	Houston	Cleveland	Atlanta
*	YSI Equipment Repair and Parts	x	x	x	x	x	x	x	x
30583	Traffic Marking Compounds	x	x	x	x	x	x	x	x
26050	Fire Boat Refurbishing Services (Fleet)	x	x	x	x	x	x	x	x
26039	Repair and Replacement Parts for Motor Fuel Dist Equip (Fleet)	213112	Support Activites for Oil and Gas Operations	*0*	*0*	*1*	*1*	*4*	*2*
		237120	Oil and Gas Pipeline and Related Structures Construction	*1*	*4*	*0*	*3*	151	**124**
		238220	Plumbing, Heating, and Air-Conditioning Contractors	16	16	13	35	561	**438**
		238910	Site Preparation Contractors	24	24	*6*	47	561	**438**
		332420	Metal Tank (Heavy Gauge) Manufacturing	*1*	*0*	*0*	*0*	49	*9*
		336211	Motor Vehicle Body Manufacturing	*0*	*0*	*0*	*2*	*5*	*0*
30721	Automated Chem Analyzer Sys Reagents Consumables/Sups (Health)	x	x	x	x	x	x	x	x
31062	Direct Replacemt Parts Lumacure (Commerce)	238210	Electrical Contractors and Other Wiring Installation Contractors	19	16	24	33	561	**438**
		335311	Power, Distribution, and Specialty Transformer Manufacturing	*0*	*0*	*0*	*0*	*3*	*2*
		335129	Other Lighting Equipment Manufacturing	*0*	*1*	*0*	*0*	*3*	*2*
31221	Direct Replacemt Parts Fire Fightg Equipmt (Fire)	x	x	x	x	x	x	x	x
*	Maint of Digital Logging Recorder Sys (DOT)	x	x	x	x	x	x	x	x
25084	Orasure and Oraquick Advance Rapid HIV Test Devices and Controls (Health)	339113	Surgical Appliance and Supplies Manufacturing	*1*	*0*	*0*	*0*	23	*3*
30553/30550	Ferrous and Non-Ferrous Metals	x	x	x	x	x	x	x	x
26006	Maint/Repair/Calibration of	x	x	x	x	x	x	x	x

Commodity Code	Commodity Code Description	Corresponding NAICS Code	Corresponding NAICS Description	Chicago	San Antonio	Phoenix	Houston	Cleveland	Atlanta
	Video Pipline Inspection Equipt (Water)								
42030	Remfrd Mailstair 500 (Revenue)	x	x	x	x	x	x	x	x
20240	Heavy Duty Vehicle Washing	336322	Other Motor Vehicle Electrical and Electronic Equipment Manufacturing	*0*	*0*	*1*	*0*	*5*	*0*
		811192	Car Washes	*1*	*0*	*1*	*2*	31	17
28542	Rental of Passenger Vehicles	x	x	x	x	x	x	x	x
41134	Hayward Gordon Screw Centrifugal Pumps (Water)	238290	Other Building Equipment Contractors	*6*	*6*	*1*	*3*	561	**438**
		333415	Air-Conditioning and Warm Air Heating Equipment and Commercial and Industrial Refrigeration Equipment Manufacturing	*0*	*0*	*0*	*0*	11	*1*
		333911	Pump and Pumping Equipment Manufacturing	*0*	*0*	*0*	*0*	11	*1*
		333912	Air and Gas Compressor Manufacturing	*0*	*0*	*0*	*0*	11	*1*
		333913	Measuring and Dispensing Pump Manufacturing	*0*	*0*	*0*	*0*	11	*1*
		333996	Fluid Power Pump and Motor Manufacturing	*0*	*0*	*0*	*0*	11	*1*
		334514	Totalizing Fluid Meter and Counting Device Manufacturing	*0*	*0*	*0*	*0*	*10*	*2*
		336312	Gasoline Engine and Engine Parts Manufacturing	*0*	*0*	*0*	*0*	*5*	*0*
		336322	Other Motor Vehicle Electrical and Electronic Equipment Manufacturing	*0*	*0*	*1*	*0*	*5*	*0*
		336330	Motor Vehicle Steering and Suspension Components (except Spring) Manufacturing	*0*	*0*	*0*	*0*	*5*	*0*
		336510	Railroad Rolling Stock Manufacturing	*0*	*1*	*0*	*0*	*5*	*0*
		423120	Motor Vehicle Supplies and New	*0*	*2*	*1*	*2*	**185**	**81**

Commodity Code	Commodity Code Description	Corresponding NAICS Code	Corresponding NAICS Description	Chicago	San Antonio	Phoenix	Houston	Cleveland	Atlanta
		423730	Parts Wholesalers Warm Air Heating and Air-Conditioning Equipment and Supplies Merchant Wholesalers	*0*	*2*	*0*	*5*	**185**	**81**
		423830	Industrial Machinery and Equipment Merchant Wholesalers	*1*	*6*	*0*	*10*	**185**	**81**
31322	Milk (OHS)	112120	Dairy Cattle and Milk Production	*0*	*0*	*0*	*0*	*0*	*0*
		112410	Sheep Farming	*0*	*0*	*0*	*0*	*0*	*0*
		112420	Goat Farming	*0*	*0*	*0*	*0*	*0*	*0*
		115210	Support Activities for Animal Production	*0*	*0*	*0*	*0*	*2*	*0*
		311511	Fluid Milk Manufacturing	*0*	*0*	*0*	*0*	*1*	*5*
		311520	Ice Cream and Frozen Dessert Manufacturing	*0*	*0*	*0*	*0*	*1*	*5*
		311999	All Other Miscellaneous Food Manufacturing	*0*	*0*	*0*	*0*	*1*	*5*
		424430	Dairy Product (except Dried or Canned) Merchant Wholesalers	*0*	*0*	*0*	*1*	*0*	*0*
		424490	Other Grocery and Related Products Merchant Wholesalers	*1*	*1*	*1*	*3*	*0*	*0*
20240	Auto/Light Truck Wash and Detailing Servs	336322	Other Moto Vehicle Electrical and Electronic Equipment Manufacturing	*0*	*0*	*1*	*0*	*5*	*0*
		811192	Car Washes	*1*	*0*	*1*	*2*	31	17
31050	Safetran and McCain Traffic Controller Parts (Streets)	238210	Electrical Contractors and Other Wiring Installation Contractors	19	16	24	33	561	**438**
		334290	Other Communications Equpiment Manufacturing	*0*	*2*	*0*	*0*	*10*	*2*
		335311	Power, Distribution, and Specialty Transformer Manufacturing	*0*	*1*	*0*	*0*	*3*	*2*

Source: City of Philadelphia Procurement Department (2010), various jurisdictions (2011), Econsult Corporation (2011)

Legend

X: No Corresponding NAICS information

Indicates over 50 firms categorized themselves in conjunction with a particular NAICS code at the national level

Indicates less than 10 firms categorized themselves in conjunction with a particular NAICS code at the national level

APPENDIX L: SAMPLE INTERNATIONAL OPPORTUNITY ASSESSMENT TOOL

PART 1: CONTACT INFORMATION

Business Name: _____

Owner's Name: _____

Alternate Contact Person: _____

Mailing Address: _____

City: _____ State: _____ Zip Code: _____

Phone: _____ Alternate Phone: _____ Fax: _____

Email: _____

Website: _____

Part 2: BUSINESS BACKGROUND

1. Business Structure:

   ❒Sole Proprietorship ❒Partnership ❒Limited Liability Co. ❒Corporation

2. Ownership:

   ❒Female ❒African American ❒Hispanic American ❒Native American

   ❒Subcontinent Asian American ❒Asian Pacific American ❒Other _____

3. List any minority/women business certifications held (along with issuing agency):

   _____

4. Average Gross Revenue (for a typical year):

   ❒<$100k ❒$101k - $500k ❒$501k - $1m ❒$1m - $4m ❒>$5m

5. Years in Business:

   ❒<1 year ❒1-5 years ❒6-10 years ❒11-15 years ❒16-20 years ❒>20 years

6. Average Number of employees (for a typical year): ____ full time ____ part time

7. If known, list the appropriate industry code/title (s) for your business (e.g. NAICS, SIC, etc):

   _____

   _____

Part 3: OPPORTUNITY ASSESSMENT

8. Do you have a business plan?

   ❒ Yes ❒No

9. Does your company have a product or service that has been successfully sold in the domestic market?

   ❒ Yes ❒No

10. Describe (by percentages) where you conduct business.

    ____%Locally ____%State-Wide ____%Regionally ____%Nationally

11. What is unique about your products/services?

_____

_____

12. Does your company have or is your company preparing an international marketing plan with defined goals and strategies?

❒ Yes ❒No

13. Does your company have sufficient production capacity that can be committed to the export market?

❒ Yes ❒No

14. Does your company have the financial resources to actively support the marketing of your products in the targeted overseas markets?

❒ Yes ❒No

15. Do you have the financial and legal resources to meet the regulatory requirements in the target country?

❒ Yes ❒No

16. Is your company's management committed to developing export markets and willing and able to dedicate staff, time and resources to the process?

❒ Yes ❒No

17. Is your company committed to providing the same level of service given to your domestic customers?

❒ Yes ❒No

18. Does your company give adequate knowledge in modifying product packaging and ingredients to meet foreign import regulations and cultural preferences?

❒ Yes ❒No

19. Does your company have adequate knowledge in shipping its product overseas, such as identifying and selecting international freight forwarders and freight costing?

❒ Yes ❒No

20. Does your company have adequate knowledge of export payment mechanisms, such as developing and negotiating letters of credit?

❒ Yes ❒No

21. Where do you obtain your raw materials?

❒ From Pennsylvania

❒ From other states in the US

❒ From overseas

22. Do you need to establish local partnerships?

❒ Yes ❒No

23. What kind of labor do you need for establishing your business overseas?

_____

24. What activities will you be performing overseas:

- Manufacturing ❒ Yes ❒No

- Distribution ❒ Yes ❒No

25. Are you familiar with the tax requirements of the target country?

❒ Yes ❒No

26. Describe (by percentages) your major revenue sources.

____% Private Small Businesses ____%Large Corporation ____%General Public

____%Government ____Local ____ State ____ Federal

____%Internationally