# CITY OF PHILADELPHIA
# FISCAL YEAR 2012
# ANNUAL DISPARITY STUDY

Final Report Submitted To:
City of Philadelphia
Office of Economic Opportunity
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# Volume 1

EXECUTIVE SUMMARY ..... iii

1 OVERVIEW ..... 1

1.1 Study Background ..... 1

1.2 Study Purpose ..... 2

1.3 Legal Basis ..... 3

1.4 Disparity ..... 3

1.5 Utilization ..... 4

1.6 Availability ..... 5

1.7 Report Overview ..... 5

2 RESULTS ..... 7

3 PARTICIPATION GOALS ..... 169

4 RECOMMENDATIONS ..... 23

4.1 Overview ..... 23

4.2 Findings and Recommendations ..... 25

4.3 Achievements ..... 29

4.4 National Trends - Policy Actions ..... 32

4.5 National Trends - Methodologies ..... 35

# EXECUTIVE SUMMARY

## INTRODUCTION

Econsult Solutions, Inc. and Milligan & Company are pleased to submit the **Annual Disparity Study for Fiscal Year (FY) 2012** to the City of Philadelphia. This study is designed to analyze the City's utilization of Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs), and Disabled Business Enterprises (DSBEs) (collectively known as M/W/DSBEs), relative to the availability of such firms to compete for City business, on **Public Works (PW)**, **Personal and Professional Services (PPS)**, and **Supplies, Services, and Equipment (SSE)** contracts. It determines the extent to which a disparity between utilization and availability exists, and provides critical data in the formation of annual Participation Goals.

Only $829 million, or less than one-quarter of the City's $3.5 billion annual operating budget, were directly analyzed in this Disparity Study. This represents sealed bid and non-competitively bid contracts. It includes $91.4 million in federally funded PW contracts over which the City has limited goal-setting influence, for which M/W/DSBE utilization was 16.7 percent. It does not include $363 million in spending by quasi-public entities (Philadelphia Housing Development Corporation, Philadelphia Industrial Development Corporation, and Philadelphia Redevelopment Authority), for which M/W/DSBE utilization under the City's governance was 28.5 percent. It does include 60 contracts totaling $162.5 million for which there are few or no M/W/DSBEs available to participate.

## RESULTS

1. **M/W/DSBE Utilization Remained Relatively Unchanged –** At $186 million out of $829 million in contracts, utilization decreased by 0.8 percentage points to 22.5 percent in FY 2012 from 23.3 percent in FY 2011 (see Table ES.1). Utilization has increased by over three percentage points since FY 2008 and is close to the recommended goal of 25 percent.

**Table ES.1 – FY 2012 Utilization of M/W/DSBEs in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by M/W/DSBE Category**

| M/W/DSBE Category | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|
| White Female | 7.5% | 4.8% | 8.8% | 6.3% | 10.5% | 5.5% | 6.8% | 8.0% |
| Native American | 0.2% | 0.0% | 0.1% | 0.1% | 0.7% | 0.0% | 0.0% | 0.2% |
| Asian American | 1.5% | 2.1% | 0.1% | 1.5% | 1.3% | 4.7% | 0.1% | 2.7% |
| African American | 4.5% | 14.0% | 12.0% | 11.0% | 4.0% | 14.5% | 9.9% | 10.0% |
| Hispanic | 7.5% | 1.7% | 2.2% | 3.3% | 3.3% | 1.3% | 2.0% | 2.2% |
| All MBE | 13.6% | 18.1% | 14.7% | 16.2% | 9.3% | 20.7% | 12.1% | 15.3% |
| All WBE | 8.7% | 8.5% | 8.9% | 8.6% | 12.1% | 10.0% | 7.0% | 10.8% |
| Disabled | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| All M/W/DSBE | 21.2% | 22.9% | 23.5% | 22.5% | 19.8% | 26.2% | 18.9% | 23.3% |

*OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

2. **Increasing Use of M/W/DSBEs Inside the City and the MSA –** There was an increase in the participation of M/W/DSBEs located inside the City of Philadelphia and the Philadelphia Metropolitan Statistical Area (MSA). City-based participation increased by 1.5 percentage points to 8.8 percent in FY 2012 from 7.3 percent in FY 2011, while MSA-based participation increased by 0.5 percentage points to 13.9 percent in FY 2012 from 13.4 percent in FY 2011 (see Table ES.2).

**Table ES.2 – FY 2012 Utilization of M/W/DSBEs in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Location[1] of M/W/DSBE**

| Location of M/W/DSBE | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|
| City | 6.5% | 10.3% | 7.5% | 8.8% | 2.2% | 12.0% | 5.1% | 7.3% |
| In Metro but Outside City | 9.3% | 4.6% | 0.8% | 5.1% | 11.1% | 4.0% | 0.2% | 6.1% |
| MSA | 15.8% | 14.9% | 8.3% | 13.9% | 13.3% | 16.0% | 5.3% | 13.4% |
| In US but Outside Metro | 5.3% | 8.0% | 15.2% | 8.6% | 6.5% | 10.2% | 13.5% | 9.9% |
| US | 21.2% | 22.9% | 23.5% | 22.5% | 19.8% | 26.2% | 18.9% | 23.3% |
| Non-M/W/DSBEs | 78.8% | 77.1% | 76.5% | 77.5% | 80.2% | 73.8% | 81.1% | 76.7% |

*OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

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

3. **Economic Opportunity Plan Projects Achieving Utilization of M/W/DSBE Firms at Rates of up to 57 Percent –** A comparison of the City's Economic Opportunity Plan (EOP) program shows that all seven completed projects with EOPs had actual utilization of at least 21 percent. Four of the projects exceeded their utilization goals, and two had actual utilization of over 50 percent (see Table ES.3).

**Table ES.3 – FY 2012 Ranking of Economic Opportunity Plan Projects Using Actual and Goal M/W/DSBE % Utilization Variance (+ Means Actual > Goal, - Means Actual < Goal)**

| Project | | Phila-delphia Biosolids Project | St. Joseph's University | Xfinity Live! | Barnes Found-ation | Campus Inn (Home-wood Suites) | Sugar-House Casino | Phila-delphia Museum of Art - Art Handling Facility |
|---|---|---|---|---|---|---|---|---|
| Cost ($M) | | $34.94 | $25.30 | $18.50 | $150.00 | $50.00 | $60.00 | $32.08 |
| FY12 M/W/DSBE %Utili-zation Goal | MBE | N/A | 25-30% | 25-30% | 20% | 30% | 25% | 25% |
| | WBE | N/A | 10-15% | 10-15% | 10% | 7% | 10% | 5% |
| | Combined | 35% | 35% | 35% | 30% | 37% | 35% | 30% |
| FY12 M/W/DSBE %Utili-zation Actual | MBE | 48% | 13% | 30% | 23.18% | 28% | 17% | 15% |
| | WBE | 9% | 39% | 13% | 7.6% | 0.19% | 9% | 6.06% |
| | Combined | 57% | 52% | 43% | 31% | 28% | 26% | 21% |
| FY12 M/W/DSBE %Utili-zation Variance | MBE | N/A | -12% to -17% | 0% to +5% | 3.2% | -1.8% | -8.0% | -10.4% |
| | WBE | N/A | +24% to +29% | -2% to +3% | -2.4% | -6.8% | -1.0% | 1.1% |
| | Combined | 22.0% | +17.0% | +8.0% | 0.8% | -8.6% | -9.0% | -9.4% |
| Work Force Percent-age | MBE | 33% | 24% | 29% | 24% | 18% | 10% | 27% |
| | WBE | 3% | 1% | 3% | 2% | 1% | 2% | 3.6% |
| | Local | 34% | 34% | 34% | 25% | 30% | 30% | 5% |

*Source: OEO Annual Participation Report (FY 2012), Econsult Solutions (2013)*

4. **M/W/DSBE Prime Contractor Participation Increased in Number of Contracts, Decreased in Dollar Amount of Contracts —** For the third year in a row, the percentage of contracts primed by M/W/DSBEs increased: M/W/DSBEs primed 16.7 percent of City contracts in FY 2012, up 2.7 percentage points from 14.0 percent in FY 2011 (and 12.9 percent in FY 2010). However, M/W/DSBEs prime contractors received 7.5 percent of contract dollars, down 1.2 percentage points from 8.7 percent in FY 2011 (although up from 5.8 percent in FY 2010). This yielded a decline in average contract size, to $150,000 in FY 2012 (vs. $360,000 for non-M/W/DSBE prime contractors) from $350,000 in FY 2011 (vs. $650,000 for non-M/W/DSBE prime contractors) (see Table ES.4).

   The distribution of contracts in FY 2012, in a contrast with FY 2011, shows there was a higher proportion of contracts with an M/W/DSBE prime contractor (16.7 percent) than with one or more M/W/DSBE sub-contractors (11.7 percent) (see Table ES.5).

**Table ES.4 – FY 2012 Utilization of M/W/DSBEs as Prime Contractor (by # and $ of Contracts)**

| | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types | FY 10 All Contract Types |
|---|---|---|---|---|---|---|---|---|---|
| *% Primed by M/W/DSBE* | | | | | | | | | |
| By # | 10.8% | 22.9% | 10.4% | 16.7% | 4.6% | 21.5% | 5.1% | 14.0% | 12.9% |
| By $ | 6.6% | 9.2% | 3.3% | 7.5% | 2.2% | 15.0% | 5.0% | 8.7% | 5.8% |
| *Average Contract Size ($M)* | | | | | | | | | |
| M/W/DSBE Primes | $0.90 | $0.24 | $0.15 | $0.15 | $0.87 | $0.33 | $0.34 | $0.35 | $0.24 |
| Non-M/W/DSBE Primes | $1.54 | $0.71 | $0.52 | $0.36 | $1.92 | $0.51 | $0.35 | $0.65 | $0.60 |

*Source: OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

**Table ES.5 – FY 2012 Distribution of M/W/DSBE Contracts in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities)**

| | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|
| # Contracts | 148 | 739 | 316 | 2,532 | 151 | 773 | 351 | 2,299 |
| % Contracts with at Least 1 M/W/DSBE Participating (as prime or subcontractor) | 90.1% | 43.6% | 17.4% | 28.3% | 87.4% | 44.0% | 12.8% | 28.1% |
| % Contracts Awarded to M/W/DSBE Prime Contractors | 10.8% | 22.9% | 10.4% | 16.7% | 4.6% | 21.5% | 5.1% | 14.0% |
| % Contracts With At Least 1 M/W/DSBE Sub-Contractor | 79.5% | 20.7% | 7.0% | 11.7% | 82.8% | 22.5% | 7.7% | 14.2% |

*Source: Econsult Solutions (2012, 2013); Utilization = OEO Annual Participation Report (FY 2011, FY 2012); Availability = US Census Bureau Survey of Business Owners (2002, 2007)*

5. **M/W/DSBE Availability Increasing** – M/W/DSBEs represented 20.7 percent of "ready, willing, and able" firms within the Philadelphia MSA, up 1.6 percentage points from 19.1 percent in FY 2011 (see Table ES.6).[2]

**Table ES.6 – FY 2012 Availability of Ready, Willing, and Able M/W/DSBE Firms within the Philadelphia MSA (Weighted Average Approach)**

| M/W/DSBE Category | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|
| All MBE | 2.9% | 8.8% | 4.8% | 6.5% | 2.9% | 8.6% | 4.5% | 5.9% |
| All WBE | 8.5% | 18.0% | 11.4% | 14.2% | 8.5% | 17.7% | 11.1% | 13.3% |
| All M/W/DSBE | 11.4% | 26.7% | 16.1% | 20.7% | 11.4% | 26.3% | 15.6% | 19.1% |

*Source: US Census Bureau Survey of Business Owners (2007), OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

[2] "Ready, willing, and able" is assumed to mean firms with employees in industry codes for which the City makes purchases. The change from FY 2011 to FY 2012 reflects not a change in availability at the individual product or service level, but rather a change in the composition of products and services procured by the City.

6. **Overall Disparity Remains an Issue –** Although utilization at the Philadelphia MSA level increased slightly, the increase in availability resulted in a decline in the disparity ratio from .70 in FY 2011 (utilization of 13.4 percent vs. availability of 19.1 percent) to .67 in FY 2012 (utilization of 13.9 percent vs. availability of 20.7 percent). A disparity ratio of less than 1 means that M/W/DSBE utilization is still not in parity with non-M/W/DSBE utilization (see Table ES.7).

**Table ES.7 – FY 2012 Disparity Ratio = Utilization of For-Profit M/W/DSBE Contractors Located in the Philadelphia MSA in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), Divided by Availability of Ready, Willing, and Able M/W/DSBE Firms in Philadelphia MSA**

| M/W/DSBE Category | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|
| All MBE | 3.31 | 1.43 | 0.28 | 1.48 | 2.07 | 1.63 | 0.13 | 1.53 |
| All WBE | 0.78 | 0.26 | 0.62 | 0.40 | 0.90 | 0.28 | 0.44 | 0.45 |
| All M/W/DSBE | 1.38 | 0.56 | 0.52 | 0.67 | 1.16 | 0.61 | 0.34 | 0.70 |

*Source: Econsult Solutions (2012, 2013); Utilization = FY 2012 OEO Participation Report (2012); Availability = US Small Business Administration – Philadelphia District Office (2012)*

7. **Utilization Rates Would Be Higher if "Few or No" Contracts Were Excluded.** Included among the $829 million in contracts analyzed in this report are 60 contracts totaling $162.5 million for which there are few or no M/W/DSBEs available to participate. Should these contracts be excluded from the analysis, the utilization of M/W/DSBEs would be 28.0 percent rather than 22.5 percent, and the utilization of M/W/DSBEs within the Philadelphia MSA would be 17.3 percent instead of 13.9 percent, which would yield a disparity ratio of 0.84 (utilization of 17.3 percent vs. availability of 20.7 percent) instead of 0.67 (utilization of 13.9 percent vs. availability of 20.7 percent) (see Table ES.8).

**Table ES.8 – FY 2012 Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Divided by Utilization of For-Profit Prime Contractors and Sub-Contractors, Less Contracts with Few or No Opportunity, by Contract Type and Location of M/W/DSBE (by $ Contracts Awarded)**

| Location of M/W/DSBE | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|
| City | 6.5% | 13.6% | 11.7% | 10.9% | 2.2% | 16.0% | 5.2% | 8.3% |
| In Metro but Outside City | 9.3% | 6.0% | 1.3% | 6.4% | 11.1% | 5.4% | 0.2% | 6.9% |
| Metro | 15.8% | 19.6% | 13.0% | 17.3% | 13.3% | 21.4% | 5.4% | 15.2% |
| In US but Outside Metro | 5.3% | 10.6% | 23.7% | 10.7% | 6.5% | 13.6% | 13.7% | 11.2% |
| US | 21.2% | 31.0% | 35.8% | 28.0% | 19.8% | 35.0% | 19.1% | 26.4% |
| Non-M/W/DSBEs | 78.8% | 69.0% | 64.2% | 72.0% | 80.2% | 65.0% | 81.0% | 73.6% |

*Source: OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

## PARTICIPATION GOALS

We base our recommended participation goals on a comparison of current utilization rates and availability rates. For some M/W/DSBE categories and some contract types, current utilization rates are lower than current availability rates (i.e. the disparity ratio is less than 1.0), while for other M/W/DSBE categories and contract types, current utilization rates are higher than current availability rates (i.e. the disparity ratio is greater than 1.0) (see Table ES.9).

**Table ES.9 – Recommended Citywide Participation Goals for City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type and by M/W/DSBE Category[3]**

| | PW | PPS | SSE | All Contract Types |
|---|---|---|---|---|
| White Female | U: 8% | U: 5% | U: 9% | U: 6% |
| Native American | U: 0.2% | U/A: 0% | U: 0.1% | U: 0.1% |
| Asian American | U: 2% | A: 4% | A: 3% | A: 3% |
| African American | U: 5% | U: 14% | U: 12% | U: 11% |
| Hispanic | U: 8% | U: 2% | U: 2% | U: 3% |
| All MBE | U: 14% | U: 18% | U: 15% | U: 16% |
| All WBE | U/A: 9% | A: 18% | A: 11% | A: 14% |
| City-Based M/W/DSBE | U: 7% | U: 10% | U: 8% | U: 9% |
| All M/W/DSBE | U: 21% | A: 27% | U: 24% | S: 25% |

*Source: Econsult Solutions (2013)*

[3] Prefix of "U" = FY 2012 Utilization > FY 2012 Availability (i.e. disparity ratio > 1.0), so Participation Goal = FY 2012 Utilization.

Prefix of "A" = FY 2012 Availability > FY 2012 Utilization (i.e. disparity ratio < 1.0), so Participation Goal = FY 2012 Availability.

Prefix of "S" = "Stretch Goal," since Participation Goal > FY 2012 Utilization and FY 2012 Availability. "Stretch Goal" of 25 percent for all M/W/DSBEs and all contract types is higher than FY 2012 Utilization (22.5 percent) and FY 2012 Availability (20.7 percent).

The data analysis shows an increase in availability, indicating increased opportunity for utilization. This serves as the basis for recommended Participation Goals of at least 25 percent for all M/W/DSBEs (see Table ES.10).

**Table ES.10 – Actual and Recommended M/W/DSBE Utilization for City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities)[4]**

| | Actual[5] | | | | | | | Recommended | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FY 06 | FY 07 | FY 08 | FY 09 | FY 10 | FY 11 | FY 12 | FY 13 | FY 14 | FY 15 |
| All M/W/DSBE | 23.6% | 22.3% | 19.2% | 19.0% | 20.8% | 23.3% | 22.5% | 25.0% | 25.0% | 25.0% |
| MBE | 17.7% | 15.7% | 14.8% | 14.1% | 14.9% | 15.3% | 16.2% | 16.0% | 16.0% | 16.0% |
| WBE | 9.9% | 10.8% | 7.6% | 8.6% | 8.9% | 10.8% | 8.6% | 10.0% | 12.0% | 14.0% |
| PW | 19.6% | 16.5% | 15.1% | 12.1% | 21.9% | 19.8% | 21.2% | 21.0% | 21.0% | 21.0% |
| PPS | 25.8% | 27.5% | 22.7% | 22.9% | 15.2% | 26.2% | 22.9% | 23.0% | 25.0% | 27.0% |
| SSE | 22.2% | 17.1% | 18.6% | 12.8% | 30.4% | 18.9% | 23.5% | 24.0% | 24.0% | 24.0% |

*Source: Econsult Solutions (2013)*

[4] The MBE and WBE goals add up to more than the overall goal because it is assumed that some M/W/DSBE participation will come from businesses that are both MBE and WBE. The PW, PPS, and SSE goals are all less than the overall goal because all three are based on historical utilization or historical availability, whereas the overall goal is a "stretch goal" that exceeds both historical utilization and historical availability. Also, these goals are meant to be minimums; it is not intended for the City to simply reach but also exceed its participation goals in PW, PPS, and SSE contracts, such that its overall participation level reaches or exceeds 25 percent. It is also meant to ensure that the City does not reach its overall participation goal simply by having very high participation in some but not all contract types; rather, it is hoped that the City reaches its overall participation goal and also has relatively high participation in all contract types.

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

# 1 OVERVIEW

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

## 1.1 STUDY BACKGROUND

Pursuant to Title 17 of the Philadelphia Code, as amended by Ordinance 060855-A, this study is designed to analyze the City's utilization of Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs), and Disabled Business Enterprises (DSBEs) (collectively known as M/W/DSBEs), relative to the availability of such firms to compete for City business, on **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 $829 million, or less than one-quarter of the City's $3.5 billion annual operating budget, were directly analyzed in this Disparity Study. This represents sealed bid and non-competitively bid contracts, and $91 million in federally funded PW contracts over which the City has limited goal-setting influence. The total M/W/DSBE utilization for these contracts was 16.7 percent.[6]

[6] US Department of Transportation funded contracts (i.e., Federal Aviation Administration (FAA), Federal Highway Administration (FHWA), and Federal Transit Administration (FTA) funded contracts) are subject to 49 CFR Part 26 which establishes a single goal for the participation of Disadvantaged Business Enterprises (DBEs), as those firms are defined in Section 26.5. In the instance of FHWA contracts, the Pennsylvania Department of Transportation (PennDOT) establishes the contract goal for DBEs since the City is a subrecipient to PennDOT. For FAA assisted contracts, the City's DBE Program Office, and not OEO, establishes the DBE contract goal which is subject to federal

This does not include $363 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 28.5 percent. The expenditures evaluated in this report therefore represent **what is under executive control from a procurement standpoint**.

## 1.2 STUDY PURPOSE

Pursuant to Title 17 of the Philadelphia Code, as amended by **Ordinance 060855-A**, this Disparity Study is designed to analyze the City's utilization of Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs), and Disabled Business Enterprises (DSBEs), collectively known as M/W/DSBEs,[7] 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.[8]

guidance. Likewise, contracts funded by the Environmental Protection Agency do not contain a numeric goal but require the solicitation of DBEs. These federal programs do not permit the application of local requirements (i.e., Executive Order 02-05 or Chapter 17-1600) to contracts receiving this express type of federal financial assistance.

[7] "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.

[8] It is important to distinguish between disparity and discrimination, and to note that the scope of this report is to determine the existence of the former and not the latter. Disparity is the difference between two groups on an outcome of interest and is a necessary, but insufficient condition for finding discrimination. In other words, disparity does not necessarily equal discrimination; discrimination requires additional analysis and proof. Based on a 2008 interview with Dr. Bernard Anderson, Whitney M. Young Jr. Professor of Management at the Wharton School of Business at the University of Pennsylvania.

## 1.3 LEGAL BASIS

Ordinance 060855-A requires that an annual Disparity Study is produced, from which annual Participation Goals can be set, pursuant to Section 6-109 of the City's Home Rule Charter. Per the ordinance, this Annual Disparity Study must distinguish between Personal and Professional Services (PPS) contracts, Public Works (PW) contracts, and Services, Supplies and Equipment (SSE) contracts. In addition, this study is required to analyze M/W/DSBEs owned by persons within the following racial, ethnic, and gender categories:

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

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

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

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

## 1.4 DISPARITY

We define our disparity ratio in the following way: **utilization rate divided by availability rate**. The utilization rate is defined as the total dollar value of contracts awarded to for-profit M/W/DSBE prime contractors and sub-contractors registered by OEO, divided by the dollar value of all City contracts awarded to all for-profit entities. In a similar fashion, the availability rate is defined as the proportion of "ready, willing and able" (RWA) M/W/DSBEs in the City, or

alternatively, the Philadelphia Metropolitan Statistical Area (MSA),[9] 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. Keep in mind that a disparity ratio of less than 1.0 would be considered under-utilization, and a ratio of greater than 1.0 would be considered over-utilization. These utilization rates, availability rates, and disparity ratios can be further sub-divided by M/W/DSBE category (Minority Business Enterprises (MBE), and specific racial and ethnic groups within, as well as Women Business Enterprises (WBE) and Disabled Business Enterprises (DSBE) and contract type (Public Works (PW), Personal and Professional Services (PPS), and Services, Supplies, and Equipment (SSE).

## 1.5 UTILIZATION

Utilization refers to **the participation of firms in various M/W/DSBE categories, as a percentage of all contracts awarded**. In determining utilization rates, we used raw data from OEO's FY 2012 Participation Report. This data, in addition to summarizing participation by various M/W/DSBE categories and in various City contract types, also lists all contracts awarded, including cases in which the prime contractor and/or one or more sub-contractors was a OEO-registered M/W/DSBE.[10]

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.

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

[10] Importantly, the OEO-registered list we use in determining which contract dollars were awarded to OEO-registered firms is from January 2013. Technically, that list represents a specific point in time, while in reality the OEO-registered list is ever-changing, as M/W/DSBEs are added (i.e. become registered) or removed (e.g. went out of business). What truly matters in terms of M/W/DSBE participation is whether a prime contractor or sub-contractor was OEO-registered at the time of the contract, rather than at the end of the fiscal year. However, a list at a specific point in time, in this case subsequent to the end of the fiscal year which the study is covering, is a close enough approximation.

## 1.6 AVAILABILITY

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

What is useful to consider, which we elaborate on in further detail later in the report, is the extent to which the City can partner with public and private technical assistance providers to increase the availability of M/W/DSBEs with which the City can do business. If, for example, an M/W/DSBE category had a utilization rate higher than its availability rate, but an availability rate that was lower than its proportion of the total population, one could draw two conclusions. First, the City has done acceptably well in terms of utilizing firms owned by members of that M/W/DSBE category. Second, the City should work with other entities to work towards a higher availability of firms owned by members of that M/W/DSBE category. This illustrates the importance of both utilization and availability; if utilization exceeds availability, that may represent a commendable use of M/W/DSBEs, but it may also represent a troubling dearth of M/W/DSBEs.

We will use the legal foundation of **"ready, willing, and able"** (RWA) for availability, as discussed previously. We affirm the previous reports' analysis of this legal basis, as well as the use of the Philadelphia MSA as the geographic boundaries of their availability analysis.

## 1.7 REPORT OVERVIEW

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

The Results section of this report (Section 2) provides the major highlights uncovered in the analysis of the FY 2012 data as well as some multi-year trends that are emerging in the City's utilization of M/W/DSBEs. For a more detailed analysis of the FY 2012 data, see Appendix B.

The Participation Goals section (Section 3) provides **participation goals** for future years based on the disparity ratios calculated from the FY 2012 data. We include aggregate participation goals as well as separate participation goals for MBEs, WBEs, and DSBEs, and for PW, PPS, and SSE contracts.

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

In Volume II of this report, Appendices A though C of the Annual Disparity Study for Fiscal Year (FY) 2012 provide the background and analysis for the City of Philadelphia FY 2012 Annual Disparity Study.

Appendix A of this report explains the context in which the report was generated and the methodology used. Appendix A also details the approach used to measure the levels of utilization and availability of the various M/W/DSBE categories under consideration. We will also briefly discuss how our **methodology** both builds on and differs from that used by DJ Miller & Associates (DJMA) in the FY 1998-2003 study and what changes have been made from the methodology employed in Econsult's previous studies.[11]

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

Appendix C provides **participation goals** for future years based on the disparity ratios calculated from the FY 2011 data. We include aggregate participation goals as well as separate participation goals for MBEs, WBEs, and DSBEs, and for PW, PPS, and SSE contracts.

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

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

Appendix K provides a list of acronyms for reference.

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

## 2 RESULTS

An analysis of the FY 2012 data, revealed the following highlights and trends. For all detailed data tables, including department specific data, please see Appendices D through I.

1. **M/W/DSBE Utilization Remained Relatively the Same – The M/W/DSBE utilization in City contracts and federally funded contracts (i.e. not including contracts of quasi-public entities) decreased slightly by 0.8 percentage points, from 23.3 percent in FY 2011 to 22.5 percent in FY 2012,** or $186 million of the $829 million in contracts (see Table 2.1). Since FY 2008, M/W/DSBE utilization has increased overall over three percentage points. Participation increased in PW contracts and SSE contracts, and decreased in PPS contracts. Overall participation increased in the category of all MBE firms, and specifically for firms owned by African Americans and Hispanics. However, participation decreased for firms owned by White females, Native Americans and Asian Americans.

**Table 2.1 – FY 2012 Utilization of M/W/DSBEs in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by M/W/DSBE Category[12]**

| M/W/DSBE Category | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types | FY 10 All Contract Types |
|---|---|---|---|---|---|---|---|---|---|
| White Female | 7.5% | 4.8% | 8.8% | 6.3% | 10.5% | 5.5% | 6.8% | 8.0% | 5.9% |
| Native American | 0.2% | 0.0% | 0.1% | 0.1% | 0.7% | 0.0% | 0.0% | 0.2% | 0.3% |
| Asian American | 1.5% | 2.1% | 0.1% | 1.5% | 1.3% | 4.7% | 0.1% | 2.7% | 1.7% |
| African American | 4.5% | 14.0% | 12.0% | 11.0% | 4.0% | 14.5% | 9.9% | 10.0% | 11.8% |
| Hispanic | 7.5% | 1.7% | 2.2% | 3.3% | 3.3% | 1.3% | 2.0% | 2.2% | 0.9% |
| All MBE | 13.6% | 18.1% | 14.7% | 16.2% | 9.3% | 20.7% | 12.1% | 15.3% | 14.9% |
| All WBE | 8.7% | 8.5% | 8.9% | 8.6% | 12.1% | 10.0% | 7.0% | 10.8% | 8.9% |
| Disabled | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.1% |
| All M/W/DSBE | 21.2% | 22.9% | 23.5% | 22.5% | 19.8% | 26.2% | 18.9% | 23.3% | 20.8% |

*Source: FY 2012 OEO Participation Report (2012), Econsult Solutions (2012, 2013)*

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

2. **Increasing Use of M/W/DSBEs Inside the City and the MSA – There is an increase in the participation of M/W/DSBEs located inside the City of Philadelphia and the Philadelphia Metropolitan Statistical Area (MSA)**. There was an increase in the participation of M/W/DSBEs located inside the City of Philadelphia and the Philadelphia Metropolitan Statistical Area (MSA). City-based participation increased by 1.5 percentage points to 8.8 percent in FY 2012 from 7.3 percent in FY 2011, while MSA-based participation increased by 0.5 percentage points to 13.9 percent in FY 2012 from 13.4 percent in FY 2011 (see Table 2.2 and Figure 2.1). In FY 2012, there was an increase of 4.3 percentage points in the utilization of City-located M/W/DSBEs for PW contracts, an increase of 2.4 percentage points in the utilization of City-located M/W/DSBEs for SSE contracts, and a decrease of 1.7 percentage points in the utilization of City-located M/W/DSBEs for PPS contracts.

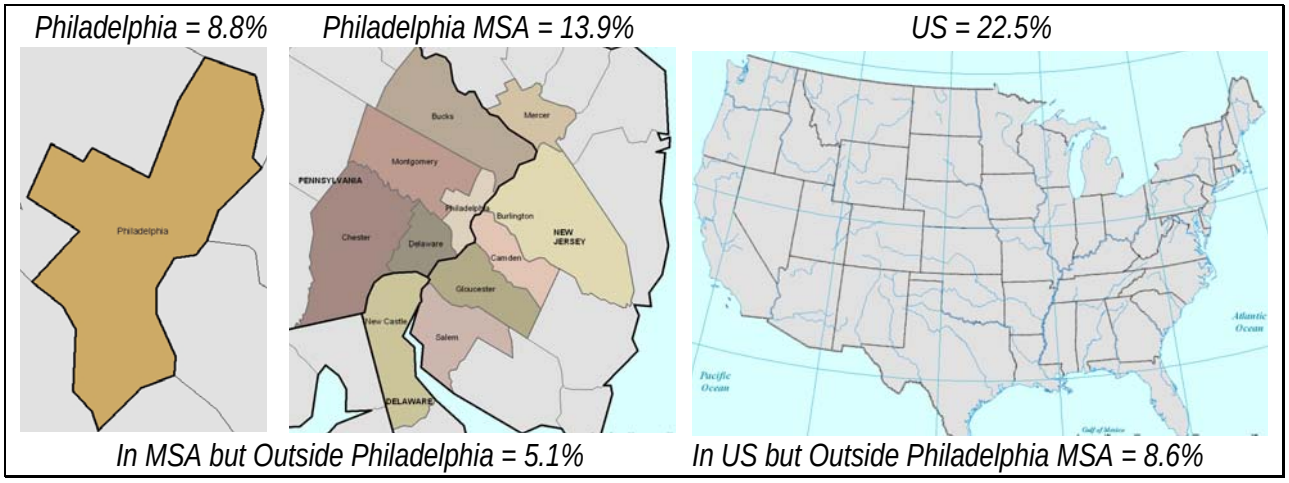
**Table 2.2 – FY 2012 Utilization of M/W/DSBEs in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Location of M/W/DSBE (by $ Contracts Awarded)[13]**

| Location of M/W/DSBE | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|
| City | 6.5% | 10.3% | 7.5% | 8.8% | 2.2% | 12.0% | 5.1% | 7.3% |
| In MSA but Outside City | 9.3% | 4.6% | 0.8% | 5.1% | 11.1% | 4.0% | 0.2% | 6.1% |
| MSA | 15.8% | 14.9% | 8.3% | 13.9% | 13.3% | 16.0% | 5.3% | 13.4% |
| In US but Outside MSA | 5.3% | 8.0% | 15.2% | 8.6% | 6.5% | 10.2% | 13.5% | 9.9% |
| US | 21.2% | 22.9% | 23.5% | 22.5% | 19.8% | 26.2% | 18.9% | 23.3% |
| Non-M/W/DSBEs | 78.8% | 77.1% | 76.5% | 77.5% | 80.2% | 73.8% | 81.1% | 76.7% |

*Source: OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

[13] "Location" represents three concentric circles: "City" means the M/W/DSBE is located within the City of Philadelphia, "MSA" means it is located within the Philadelphia MSA, and "US" is the whole nation. About two-thirds of firms in the OEO directory are located within the Commonwealth of Pennsylvania, and about 90 percent are within Pennsylvania, New Jersey, New York, Maryland, or Delaware. See also Appendix F for further information on the distribution of firms in the OEO directory, as of January 2013.

**Figure 2.1 – FY 2012 Utilization of M/W/DSBEs in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Location of M/W/DSBE**




*Source: OEO Participation Report (FY 2012), Econsult Solutions (2013)*

Additionally, the total amount of contracts awarded to M/W/DSBEs in the City grew from $57 million in FY 2011 to $72.6 million in FY 2012, an increase of $15.6 million. M/W/DSBEs located in the MSA and US also saw increases in total amount of contracts awarded (see Table 2.3).

**Table 2.3 – FY 2012 Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type and Location of M/W/DSBE (in $M)**

| Location of M/W/DSBE | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|
| City | $14.3 | $15.7 | $33.5 | $72.6 | $6.1 | $43.8 | $6.3 | $57.0 |
| In MSA but Outside City | $20.3 | $6.9 | $3.7 | $42.6 | $31.4 | $14.6 | $0.2 | $47.5 |
| MSA | $34.6 | $22.6 | $37.2 | $115.2 | $37.5 | $58.4 | $6.5 | $104.5 |
| In US but Outside MSA | $11.6 | $12.2 | $67.9 | $71.2 | $18.5 | $37.3 | $16.6 | $76.8 |
| US | $46.2 | $34.8 | $105.1 | $186.4 | $56.0 | $95.6 | $23.1 | $181.3 |
| Non-M/W/DSBEs | $172.1 | $117.1 | $342.3 | $642.9 | $226.6 | $269.5 | $99.4 | $597.3 |

*Source: OEO Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

3. **Economic Opportunity Plan Projects Achieving Utilization of M/W/DSBE Firms at Rates of up to 57 Percent –** A comparison of the City's Economic Opportunity Plan (EOP) program shows that all seven completed projects with EOPs had utilization of at least 21 percent, and two (Philadelphia Biosolids Project and St. Joseph's University) had utilization of over 50 percent. Four projects exceeded their utilization goal: Philadelphia Biosolids Project, St. Joseph's University, XfinityLive! and Barnes Foundation (see Table 2.4).[14]

[14] The Philadelphia Museum of Art project was identified as having high concentrations of spending for which there were few or no available M/W/DSBE, due to the specialized nature of the products and services being procured and therefore the relatively smaller pool of vendors from which to select.

**Table 2.4 – FY 2012 Ranking of Economic Opportunity Plan Projects Using Actual and Goal M/W/DSBE % Utilization Variance (+ Means Actual > Goal, - Means Actual < Goal)**

| Project | | Phila-delphia Biosolids Project | St. Joseph's University | Xfinity Live! | Barnes Found-ation | Campus Inn (Home-wood Suites) | Sugar-House Casino | Phila-delphia Museum of Art - Art Handling Facility |
|---|---|---|---|---|---|---|---|---|
| Cost ($M) | | $34.94 | $25.30 | $18.50 | $150.00 | $50.00 | $60.00 | $32.08 |
| FY12 M/W/DSBE %Utili-zation Goal | MBE | N/A | 25-30% | 25-30% | 20% | 30% | 25% | 25% |
| | WBE | N/A | 10-15% | 10-15% | 10% | 7% | 10% | 5% |
| | Combined | 35% | 35% | 35% | 30% | 37% | 35% | 30% |
| FY12 M/W/DSBE %Utili-zation Actual | MBE | 48% | 13% | 30% | 23.18% | 28% | 17% | 15% |
| | WBE | 9% | 39% | 13% | 7.6% | 0.19% | 9% | 6.06% |
| | Combined | 57% | 52% | 43% | 31% | 28% | 26% | 21% |
| FY12 M/W/DSBE %Utili-zation Variance | MBE | N/A | -12% to -17% | 0% to +5% | 3.2% | -1.8% | -8.0% | -10.4% |
| | WBE | N/A | +24% to +29% | -2% to +3% | -2.4% | -6.8% | -1.0% | 1.1% |
| | Combined | 22.0% | +17.0% | +8.0% | 0.8% | -8.6% | -9.0% | -9.4% |
| Work Force Percent-age | MBE | 33% | 24% | 29% | 24% | 18% | 10% | 27% |
| | WBE | 3% | 1% | 3% | 2% | 1% | 2% | 3.6% |
| | Local | 34% | 34% | 34% | 25% | 30% | 30% | 5% |

*Source: OEO Annual Participation Report (FY 2012), Econsult Solutions (2013)*

4. **M/W/DSBE Prime Participation Increased in Number of Contracts, Decreased in Dollar Amount of Contracts —** For the third year in a row, the percentage of contracts primed by M/W/DSBEs increased: M/W/DSBEs primed 16.7 percent of City contracts in FY 2012, up 2.7 percentage points from 14.0 percent in FY 2011 (and 12.9 percent in FY 2010). However, M/W/DSBEs primes received 7.5 percent of contract dollars, down 1.2 percentage points

from 8.7 percent in FY 2011 (although up from 5.8 percent in FY 2010). This yielded a decline in average contract size, to $150,000 in FY 2012 (vs. $360,000 for non-M/W/DSBE primes) from $350,000 in FY 2011 (vs. $650,000 for non-M/W/DSBE primes) (see Table 2.5).

**Table 2.5 – FY 2012 Utilization of M/W/DSBEs as Prime Contractor in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities) (by # and $ of Contracts)**

| | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types | FY 10 All Contract Types |
|---|---|---|---|---|---|---|---|---|---|
| *% Primed by M/W/DSBE* | | | | | | | | | |
| By # | 10.8% | 22.9% | 10.4% | 16.7% | 4.6% | 21.5% | 5.1% | 14.0% | 12.9% |
| By $ | 6.6% | 9.2% | 3.3% | 7.5% | 2.2% | 15.0% | 5.0% | 8.7% | 5.8% |
| *Average Contract Size ($M)* | | | | | | | | | |
| M/W/DSBE Primes | $0.90 | $0.24 | $0.15 | $0.15 | $0.87 | $0.33 | $0.34 | $0.35 | $0.24 |
| Non-M/W/DSBE Primes | $1.54 | $0.71 | $0.52 | $0.36 | $1.92 | $0.51 | $0.35 | $0.65 | $0.60 |

*Source: OEO Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

The number of contracts with at least one M/W/DSBE participating (prime contractors and subcontractors) increased in FY 2012 to 717 contracts, up from 647 contracts in FY 2011. In FY 2012, 28.3 percent of contracts included the participation of at least one M/W/DSBE, which is a slight increase over the 28.1 percent of contracts with at least one M/W/DSBE participating in FY 2011. Additionally, the majority of the FY 2012 participation is attributed to M/W/DSBE prime contractor participation: 422 prime contracts were awarded, compared to 295 contracts in FY 2012 with at least one M/W/DSBE sub-contractor (in FY 2011, 321 contracts had a M/W/DSBE prime contractor, while 326 had one or more M/W/DSBE sub-contractors). It should also be noted that in FY 2012 just over 90 percent of PW contracts (136 out of 148) had at least one M/W/DSBE participating (see Table 2.6).

**Table 2.6 – FY 2012 Distribution of M/W/DSBE Participation in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities)[15]**

| | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|
| # Contracts | 148 | 739 | 316 | 2,532 | 151 | 773 | 351 | 2,299 |
| # Contracts With At Least 1 M/W/DSBE Participating | 136 | 322 | 55 | 717 | 132 | 340 | 45 | 647 |
| % Contracts with at Least 1 M/W/DSBE Participating | 90.1% | 43.6% | 17.4% | 28.3% | 87.4% | 44.0% | 12.8% | 28.1% |
| # Contracts Awarded to M/W/DSBE Prime Contractors | 16 | 169 | 33 | 422 | 7 | 166 | 18 | 321 |
| % Contracts Awarded to M/W/DSBE Prime Contractors | 10.8% | 22.9% | 10.4% | 16.7% | 4.6% | 21.5% | 5.1% | 14.0% |
| # Contracts With At Least 1 M/W/DSBE Sub-Contractor | 120 | 153 | 22 | 295 | 125 | 174 | 27 | 326 |
| % Contracts With At Least 1 M/W/DSBE Sub-Contractor | 79.5% | 20.7% | 7.0% | 11.7% | 82.8% | 22.5% | 7.7% | 14.2% |

*Source: OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

5. **M/W/DSBE Availability Increasing** – M/W/DSBEs represented 20.7 percent of "ready, willing, and able" firms within the Philadelphia MSA, up 1.6 percentage points from 19.1 percent in FY 2011. In FY 2012, availability increased for all M/W/DSBEs and across all M/W/DSBE categories in PPS and SSE contracts (and was static for PW contracts) (see Table 2.7). "Ready, willing, and able" is assumed to mean firms with employees in industry codes for which the City makes purchases. The change from FY 2011 to FY 2012 reflects not a change in availability at the individual product or service level, but rather a change in the composition of products and services procured by the City.

[15] All Contract Types includes PW, PPS, and SSE contracts, and also MPO and SOP contracts.

**Table 2.7 – FY 2012 Availability of Ready, Willing, and Able M/W/DSBE Firms within the Philadelphia MSA (Weighted Average Approach)**

| M/W/DSBE Category | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|
| All MBE | 2.9% | 8.8% | 4.8% | 6.5% | 2.9% | 8.6% | 4.5% | 5.9% |
| All WBE | 8.5% | 18.0% | 11.4% | 14.2% | 8.5% | 17.7% | 11.1% | 13.3% |
| All M/W/DSBE | 11.4% | 26.7% | 16.1% | 20.7% | 11.4% | 26.3% | 15.6% | 19.1% |

*Source: US Census Bureau Survey of Business Owners (2007), OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

**Overall Disparity Remains an Issue –** Although utilization at the Philadelphia MSA level increased slightly, the increase in availability resulted in a decline in the disparity ratio from 0.70 in FY 2011 (utilization of 13.4 percent vs. availability of 19.1 percent) to 0.67 in FY 2012 (utilization of 13.9 percent vs. availability of 20.7 percent). A disparity ratio of less than 1 means that M/W/DSBE utilization is still not in parity with non-M/W/DSBE utilization (see Table 2.8).

**Table 2.8 – FY 2012 Disparity Ratio = Utilization of For-Profit M/W/DSBE Contractors Located in the Philadelphia MSA in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), Divided by Availability of Ready, Willing, and Able M/W/DSBE Firms in Philadelphia MSA**

| Ethnicity | Gender | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types | FY 10 All Contract Types |
|---|---|---|---|---|---|---|---|---|---|---|
| White | Female | * | * | * | * | * | * | * | * | * |
| Native American | Male & Female | 0.00 | 0.00 | 0.00 | 1.34 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Asian American | Male & Female | 0.00 | 0.24 | 0.01 | 0.27 | 0.00 | 0.43 | 0.01 | 0.40 | 0.28 |
| African American | Male & Female | 2.81 | 5.47 | 0.41 | 4.28 | 2.83 | 6.15 | 0.12 | 4.48 | 3.05 |
| Hispanic | Male & Female | ^[16] | 3.16 | 1.02 | 6.80 | ^[17] | 2.45 | 0.55 | 5.07 | 0.60 |
| All MBE | Male & Female | 3.31 | 1.43 | 0.28 | 1.48 | 2.07 | 1.63 | 0.13 | 1.53 | 1.16 |
| All | Female | 0.78 | 0.26 | 0.62 | 0.40 | 0.90 | 0.28 | 0.44 | 0.45 | 0.36 |
| Disabled | Male & Female | * | * | * | * | * | * | * | * | * |
| All M/W/DSBE | Male & Female | 1.38 | 0.56 | 0.52 | 0.67 | 1.16 | 0.61 | 0.34 | 0.70 | 0.55 |

*Source: US Census Bureau Survey of Business Owners (2007), OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*
*Note: "*" denotes data unavailable or insufficient.*

[16] This figure is greater than 10 due to a very small availability estimate.

[17] This figure is greater than 10 due to a very small availability estimate.

8. **Utilization Rates Would Be Higher if "Few or No" Contracts Were Excluded.** Included among the $829 million in contracts analyzed in this report are 60 contracts totaling $162.5 million for which there are few or no M/W/DSBEs available to participate (see Table 2.9). Should these contracts be excluded from the analysis, the utilization of M/W/DSBEs would be 28.0 percent rather than 22.5 percent, and the utilization of M/W/DSBEs within the Philadelphia MSA would be 17.3 percent instead of 13.9 percent (see Table 2.10 and Table 2.11), which would yield a disparity ratio of 0.84 (utilization of 17.3 percent vs. availability of 20.7 percent) instead of 0.67 (utilization of 13.9 percent vs. availability of 20.7 percent) (see Table 2.12).

**Table 2.9 – FY 2012 Contracts with Few or No Opportunity, as Determined by Office of Economic Opportunity[18]**

| | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|
| # | 0 | 34 | 26 | 60 | 0 | 20 | 4 | 24 |
| $M | $0 | $107.9 | $54.7 | $162.5 | $0 | $91.9 | $1.2 | $93.1 |

*Source: OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

[18] See Appendix J for a full list of FY 2012 contracts with few or no opportunity for M/W/DSBE participation.

**Table 2.10 – FY 2012 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, Less Contracts with Few or No Opportunity, by Contract Type and M/W/DSBE Type (by $ Contracts Awarded)**

| M/W/DSBE Category | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|
| White Female | 7.5% | 6.4% | 13.7% | 7.9% | 10.5% | 7.3% | 6.9% | 9.1% |
| Native American | 0.2% | 0.0% | 0.1% | 0.1% | 0.7% | 0.0% | 0.0% | 0.3% |
| Asian American | 1.5% | 2.7% | 0.2% | 1.9% | 1.3% | 6.3% | 0.1% | 3.1% |
| African American | 4.5% | 18.4% | 18.7% | 13.7% | 4.0% | 19.3% | 10.0% | 11.4% |
| Hispanic | 7.5% | 2.3% | 3.4% | 4.1% | 3.3% | 1.8% | 2.0% | 2.5% |
| All MBE | 13.6% | 23.8% | 23.0% | 20.1% | 9.3% | 27.7% | 12.2% | 17.3% |
| All WBE | 8.7% | 11.1% | 13.9% | 10.7% | 12.1% | 13.3% | 7.1% | 12.3% |
| Disabled | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| All M/W/DSBE | 21.2% | 31.0% | 35.8% | 28.0% | 19.8% | 35.0% | 19.1% | 26.4% |

*Source: OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

**Table 2.11 – FY 2012 Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Divided by Utilization of For-Profit Prime Contractors and Sub-Contractors, Less Contracts with Few or No Opportunity, by Contract Type and Location of M/W/DSBE (by $ Contracts Awarded)**

| Location of M/W/DSBE | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|
| City | 6.5% | 13.6% | 11.7% | 10.9% | 2.2% | 16.0% | 5.2% | 8.3% |
| In Metro but Outside City | 9.3% | 6.0% | 1.3% | 6.4% | 11.1% | 5.4% | 0.2% | 6.9% |
| Metro | 15.8% | 19.6% | 13.0% | 17.3% | 13.3% | 21.4% | 5.4% | 15.2% |
| In US but Outside Metro | 5.3% | 10.6% | 23.7% | 10.7% | 6.5% | 13.6% | 13.7% | 11.2% |
| US | 21.2% | 31.0% | 35.8% | 28.0% | 19.8% | 35.0% | 19.1% | 26.4% |
| Non-M/W/DSBEs | 78.8% | 69.0% | 64.2% | 72.0% | 80.2% | 65.0% | 81.0% | 73.6% |

*Source: OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

**Table 2.12 – FY 2012 Disparity Ratio = Utilization of For-Profit M/W/DSBE Contractors Located in the Philadelphia MSA in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), Less Contracts with Few or No Opportunity, Divided by Availability of Ready, Willing, and Able M/W/DSBE Firms in Philadelphia MSA**

| Ethnicity | Gender | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|---|
| All M/W/DSBE | Male & Female | 1.39 | 0.73 | 0.81 | 0.84 | 1.16 | 0.81 | 0.35 | 0.80 |

*Source: US Census Bureau Survey of Business Owners (2007), OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

*Note: "*" denotes data unavailable or insufficient.*

# 3 PARTICIPATION GOALS

In this section, we offer recommended Annual Participation Goals for Fiscal Year (FY) 2013 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 2012 M/W/DSBE utilization and availability. This is an important component of what should be an overall strategy to safeguard the public interest in identifying and rectifying instances of discrimination, and proactively seeking ways to promote the inclusive participation of M/W/DSBEs in economic opportunities.

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

**Table 3.1 – FY 2012 Disparity Ratio ("D6") = Utilization ("U2") Divided by Availability ("A6"), by Contract Type**

| Ethnicity | Gender | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|---|
| All MBE | Male & Female | 3.31 | 1.43 | 0.28 | 1.48 | 2.07 | 1.63 | 0.13 | 1.53 |
| All | Female | 0.78 | 0.26 | 0.62 | 0.40 | 0.90 | 0.28 | 0.44 | 0.45 |
| Disabled | Male & Female | * | * | * | * | * | * | * | * |
| All M/W/DSBE | Male & Female | 1.38 | 0.56 | 0.52 | 0.67 | 1.16 | 0.61 | 0.34 | 0.70 |

*Source: US Census Bureau Survey of Business Owners (2007), OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*
*Note: "*" denotes data unavailable or insufficient.*

Based on these utilization rates and availability rates for FY 2012, we can set participation goals for future years (see Table 3.2).

**Table 3.2 – Recommended Citywide Participation Goals for City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type and by M/W/DSBE Category[19]**

| | PW | PPS | SSE | All Contract Types |
|---|---|---|---|---|
| White Female | U: 8% | U: 5% | U: 9% | U: 6% |
| Native American | U: 0.2% | U/A: 0% | U: 0.1% | U: 0.1% |
| Asian American | U: 2% | A: 4% | A: 3% | A: 3% |
| African American | U: 5% | U: 14% | U: 12% | U: 11% |
| Hispanic | U: 8% | U: 2% | U: 2% | U: 3% |
| All MBE | U: 14% | U: 18% | U: 15% | U: 16% |
| All WBE | U/A: 9% | A: 18% | A: 11% | A: 14% |
| City-Based M/W/DSBE | U: 7% | U: 10% | U: 8% | U: 9% |
| All M/W/DSBE | U: 21% | A: 27% | U: 24% | S: 25% |

*Source: Econsult Solutions (2013)*

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

Conversely, in cases where actual utilization is greater than actual availability (i.e. the disparity ratio is greater than 1.0, which represents over-utilization), we tend to recommend that future utilization rates hold at current utilization rates.

[19] Prefix of "U" = FY 2012 Utilization > FY 2012 Availability (i.e. disparity ratio > 1.0), so Participation Goal = FY 2012 Utilization.

Prefix of "A" = FY 2012 Availability > FY 2012 Utilization (i.e. disparity ratio < 1.0), so Participation Goal = FY 2012 Availability.

Prefix of "S" = "Stretch Goal," since Participation Goal > FY 2012 Utilization and FY 2012 Availability. "Stretch Goal" of 25 percent for all M/W/DSBEs and all contract types is higher than FY 2012 Utilization (22.5 percent) and FY 2012 Availability (20.7 percent).

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.

In the case of overall M/W/DSBE utilization, we recommend a participation goal that is higher than both FY 2012 utilization and FY 2012 availability. This **"stretch" goal,** signified with a prefix of "S," represents a desire to reach past the limitations set by both historical utilization and historical availability. "Stretch" goals acknowledge that increasing participation beyond historical utilization and historical availability may be a worthwhile public policy goal.[20]

Although the FY 2012 data analysis shows a slight decline in utilization, there was an increase in availability and an increase in the number of contracts primed by an M/W/DSBE firm. Therefore, the FY 2012 results indicate **a continued increase in participation levels** and are the basis for recommended Participation Goals of at least 25 percent for all M/W/DSBEs (see Table 3.3).

[20] 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.

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

| | Actual[21] | | | | | | | Recommended | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FY 06 | FY 07 | FY 08 | FY 09 | FY 10 | FY 11 | FY 12 | FY 13 | FY 14 | FY 15 |
| All M/W/DSBE | 23.6% | 22.3% | 19.2% | 19.0% | 20.8% | 23.3% | 22.5% | 25.0% | 25.0% | 25.0% |
| MBE | 17.7% | 15.7% | 14.8% | 14.1% | 14.9% | 15.3% | 16.2% | 16.0% | 16.0% | 16.0% |
| WBE | 9.9% | 10.8% | 7.6% | 8.6% | 8.9% | 10.8% | 8.6% | 10.0% | 12.0% | 14.0% |
| PW | 19.6% | 16.5% | 15.1% | 12.1% | 21.9% | 19.8% | 21.2% | 21.0% | 21.0% | 21.0% |
| PPS | 25.8% | 27.5% | 22.7% | 22.9% | 15.2% | 26.2% | 22.9% | 23.0% | 25.0% | 27.0% |
| SSE | 22.2% | 17.1% | 18.6% | 12.8% | 30.4% | 18.9% | 23.5% | 24.0% | 24.0% | 24.0% |

*Source: Econsult Solutions (2008, 2009, 2010, 2011, 2012, 2013)*

The MBE and WBE goals add up to more than the overall goal because it is assumed that some M/W/DSBE participation will come from businesses that are both MBE and WBE. The PW, PPS, and SSE goals are all less than the overall goal because all three are based on historical utilization or historical availability, whereas the overall goal is a "stretch goal" that exceeds both historical utilization and historical availability. Also, these goals are meant to be minimums; it is not intended for the City to simply reach but also exceed its participation goals in PW, PPS, and SSE contracts, such that its overall participation level reaches or exceeds 25 percent. It is also meant to ensure that the City does not reach its overall participation goal simply by having very high participation in some but not all contract types; rather, it is hoped that the City reaches its overall participation goal and also has relatively high participation in all contract types.

It should also be noted that the FY 2012 availability at the City of Philadelphia level was 30.3 percent (vs. 20.7 percent at Philadelphia MSA level) (see Table C.4 and Table C.5 in Appendix C). While we weighed MSA-level data more heavily than City-level data, the higher availability estimate for the City-level data suggests that availability may be higher than the estimated 20.7 percent.[22]

[21] 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.

[22] It is important to clarify the cause of these changes in availability. The change from FY 2011 to FY 2012 reflects not a change in availability at the individual product or service level, but rather a change in the composition of products and services procured by the City. The data source from which availability is estimated remains the 2007 SBO, and was used in both the FY 2011 and FY 2012 Disparity Studies. However, those data are weighted differently between FY 2011 and FY 2012, reflecting differences in the composition of the City's spending that was analyzed in each report. Therefore, increases in availability do not suggest that M/W/DSBE availability is higher;

# 4 RECOMMENDATIONS

## 4.1 OVERVIEW

Based on the findings of the FY 2012 Disparity Study, Econsult Solutions and Milligan & Company offers a number of recommendations for improving and strengthening the City's M/W/DSBE participation efforts (see Table 4.1). The recommendations are based on the study findings and consist of action steps for OEO either to continue moving forward with existing efforts or draft policies for inclusion of new opportunities. This section also outlines achievements where the City has implemented policy actions for increased oversight and accountability, information technology, and commitments to building the capacity of M/W/DSBEs.

Econsult Solutions and Milligan & Company brought in relevant national trends in disparity study results or policy actions that may be of interest to the City. Several disparity study results were reviewed from around the country and the findings are summarized as either policy action or methodology categories. Some of the policy actions were based on agencies located in the Western U.S. participating in the Federal DBE program. These policy actions were still deemed relevant to the City given the results of the disparity ratios from this study. As the City efforts to remedy M/W/DSBE disparity are realized, race-neutral methods for participation will need further exploration. The policy action trends listed in this section are tangible ways to implement race neutral measures while continuing to garner M/W/DSBE participation.

Two components that appear in many municipal disparity study methodologies are private sector analysis and anecdotal analysis. Private sector analysis can measure the effects of race and gender for minority business enterprises compared to private sector self-employed business operators. The findings for minority business enterprises are compared to the self-employment participation and earnings record of nonminority male business owners to determine if a disparity in self-employment rates and earning exists, and if it is attributable to differences in race, gender, or ethnicity. Anecdotal analysis is a widely accepted research methodology that is based upon observation, interviews, and surveys. The conclusions derived from anecdotal analysis do not solely rely on quantitative data but also uses qualitative data to describe the context of the examined social, political, and economic environment.

Econsult Solutions and Milligan & Company recommend that the City explore plans to conduct a more robust study that incorporates additional data sources and methodologies employed by

rather, they suggest that the City's spending shifted slightly into categories in which there is higher M/W/DSBE availability.

their counterparts. An analysis of additional sources will require added time and resources but will begin to address the causes of disparity and correlations to discrimination among M/W/DSBEs seeking to participate on City projects. The information provided regarding private sector and anecdotal analyses are intended to outline the systematic approach to conducting such a study and its implied benefits.

**Table 4.1 – FY 2012 Annual Disparity Study Recommendations**

| Findings and Recommendations | | |
|---|---|---|
| Finding | Use of M/W/DSBEs inside City/MSA increasing | • Continue Capacity Building and Inclusion Programs |
| Finding | EOP projects achieving high utilization rates | • Review Contract Specific Goal Setting |
| Finding | Prime contracts to M/W/DSBEs increased | • Grow More M/W/DSBE Firms to Prime PW Contracts<br>• Development of a Joint Venture Protocol for PW Contracts |
| Finding | M/W/DSBE availability increasing | • Continue to Increase OEO Registry |
| Finding | Overall Disparity Remains an Issue | • Conduct More Robust Disparity Study |
| **Achievements** | | |
| Achievement | Increased Oversight & Accountability | • Economic Opportunity Plans (EOP)<br>• Economic Opportunity Review Committee (EORC)<br>• Public Works Contracts |
| Achievement | Information Technology Initiatives | • Registry Quality Control<br>• Compliance System Enhancements |
| Achievement | Capacity Building & Inclusion | • Capacity Building Program<br>• Outreach and Business Development Initiatives<br>• Non-Profits Supplier Diversity |

| National Recommendation Trends | | |
|---|---|---|
| Trend | Policy Action | • Mandatory Subcontracting Minimum<br>• Mandatory Joint Venture Requirement<br>• Subcontractor Substitution Standards and Subcontract Agreement Review<br>• SBE Set-Asides<br>• Change Order Tracking and Monitoring |
| Trend | Methodology | • Private Sector Analysis / Expanded Data Sources<br>• Anecdotal Analysis |

*Source: Econsult Solutions/Milligan (2013)*

## 4.2 FINDINGS AND RECOMMENDATIONS

### 4.2.1 Increasing Use of M/W/DSBEs Inside the City and the MSA – There is an increase in the participation of M/W/DSBEs located inside the City of Philadelphia and the Philadelphia Metropolitan Statistical Area (MSA).

**RECOMMENDATION:** OEO should continue to offer capacity building and inclusion programs

Table 2.3 showed increased utilization for M/W/DSBE firms located in the City from last year, up from 7.3 percent in FY 2011 and 8.8 percent in FY 2012. The M/W/DSBE firms in the MSA also had higher utilization percentages than the previous year (13.4 percent in FY 2011 and 13.9 percent in FY 2012). These utilization increases speak to the successful efforts of OEO to increase the business capacity of the M/W/DSBEs in the Philadelphia MSA and their availability to fulfill City contracts.

### 4.2.2 Economic Opportunity Plan (EOP) Completed Projects Achieving Utilization of M/W/DSBE Firms at Rates of up to 57 Percent.

**RECOMMENDATION:** Review contract goal setting process to evaluate understated/overstated M/W/DSBE availability for project specific goals.

Table 2.4 (FY 2012 Ranking of Economic Opportunity Plan Projects Using Actual and Goal M/W/DSBE % Utilization Variance) showed seven completed projects with EOPs. Four projects exceeded the utilization goal by an average of 11.95 percentage points, while three projects missed the goal by an average of 9 percentage points. The utilization goal on all these projects exceeded 30 percent and five were 35 percent or higher. The Economic Opportunity Review

Committee should examine factors specifically in the utilization variance for the three projects that did not meet the goal. The use of specialty contractors on specific scopes of work can negatively impact goal achievement. For example, the Philadelphia Museum of Art – Art Handling Facility had to use specialty suppliers which impacted the prime's ability to meet the goal. Additionally, the availability of firms can be affected by a host of factors beyond numbers in the OEO Registry, such as timing of multiple large scale projects and the capacity of RWA (ready, willing and able) M/W/DSBE firms to perform simultaneously on these projects.

### 4.2.3 Prime Contracts to M/W/DSBEs Increased – For a third year, the percentage of contracts primed by M/W/DSBEs increased.

**RECOMMENDATION:** Grow more M/W/DSBE firms to prime PW contracts.

The number of M/W/DSBE firms who were primes on City contracts increased in FY 2012 from 15 percent the previous year to 16.7 percent; however, the actual contract values for these firms decreased. Personal and Professional Services contracts represented 62 percent of the City's portfolio, Public Works, 23 percent and Service, Supplies and Equipment, 12 percent.[23] Personal Professional Service contracts tend to be valued less than Public Work contracts. OEO should continue to focus their efforts to prepare Public Works industry M/W/DSBE firms to participate as prime contractors, which could yield higher contract values. These efforts could include focusing on capacity building and increased access to financing and bonding. OEO was successful with increasing the number of M/W/DSBE firms participating in PW contracts in FY 2012 by over 6 percentage points (See Table 2.5 – FY 2012 Utilization of M/W/DSBEs as Prime Contractor in City Contracts and Federally Funded)

**RECOMMENDATION:** Consider the development of a joint venture protocol for PW contracts.

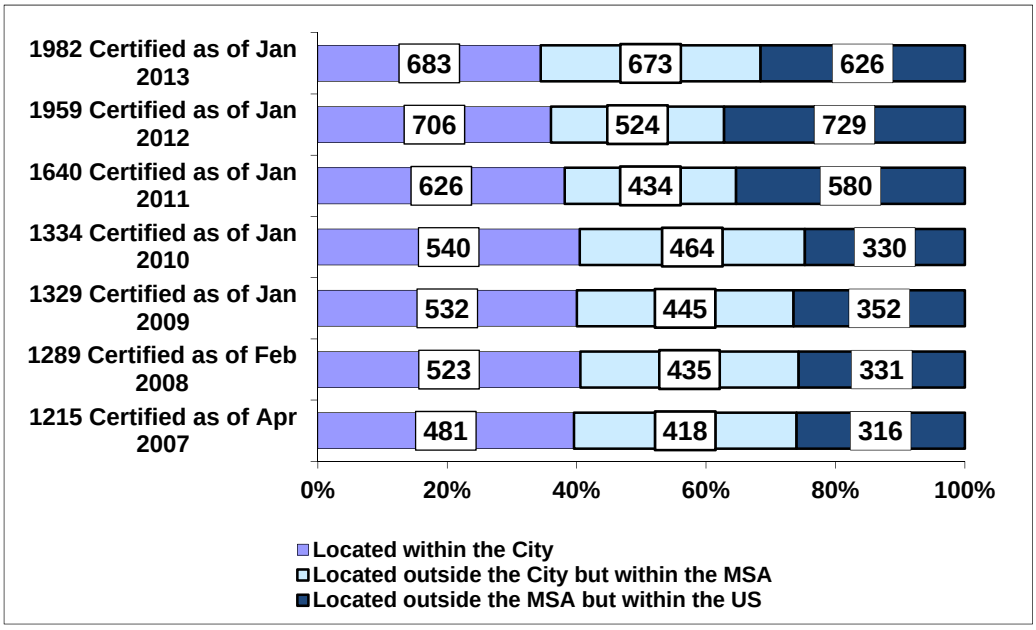
Based on some of the national trends, developing a protocol for joint venture arrangements should be explored to increase M/W/DSBE firms participating as primes on PW contracts. OEO could set a protocol for what thresholds would trigger forming joint ventures. OEO should also continue to use existing compliance procedures to monitor commercially useful function issues and take appropriate action similar to changes OEO made with non-stocking suppliers on PW contracts.

[23] OEO Annual Report Chart 1, FY 2012

**4.2.4 M/W/DSBE Availability Increasing – M/W/DSBEs represent 20.7 percent of firms with employees within the Philadelphia MSA, up from 19.1 percent in FY 2011.** (See Table 2.7).

**RECOMMENDATION:** Continue outreach functions and agreements with certification agencies to increase OEO Registry.

**Figure 4.1 - Distribution of OEO-Certified Firms**




*Source: City of Philadelphia Office of Economic Opportunity (2007, 2008, 2009, 2010, 2011, 2012, 2013), Econsult Solutions (2007, 2008, 2009, 2010, 2011, 2012, 2013)*

Figure 4.1 represents the number of firms in the OEO directory based on location. The number of firms located in the City and MSA for FY 2012 was 1,356 which was a 10.24 percent increase from the previous year of 1,230 firms.

Total OEO directory numbers have continued to increase, even as OEO has taken measures to purge M/W/DSBE firms that have not been active within the City. OEO should continue the very activities that have resulted in this directory growth. Continued growth of the directory is a key element to the increasing availability of M/W/DSBEs in the Philadelphia MSA, because it increases the number of choices available to the City and to prime contractors.

The Washington Suburban Sanitary Commission Disparity Study recommended that they capture market area availability from approved certification lists.[24] It was suggested to integrate external certification lists from three certification agencies on a quarterly basis into the Commission's Centralized Bidder Registration (CBR) system. The external records are appended to the CBR excluding duplicates, incomplete records, etc. The Commission then would contact the business via e-survey on a quarterly basis to verify their interest in doing business with the Commission. The business is given a login to edit their record appended to CBR such as contact information, etc.

The City has an existing agreement with B2G Now who could assist in reviewing this option. B2G has a similar agreement with the Federal Aviation Administration to extract certification databases around the country into a centralized list.[25] The City OEO Registry would require adjustments in order to establish this compatibility, but should assist with purging outdated and incorrect information in the registry.

Another issue is relying on the OEO Registry for ready, willing and able firms to participate on City funded contracts and procurements. The challenge is that very little is known about the capacity of the firms in the registry since they are certified by outside agencies. Pre-qualification of firms in directories has been discussed in several disparity studies. The City of Pensacola noted in regard to vendor registration and pre-qualification, *"The City maintains a vendors list organized by commodity code"*[26]*. There is no bidders list and vendors are not purged from the vendors list if they do not bid. There is no pre-qualification of vendors".* There was also reference to case law, H.B. Rowe v. North Carolina DOT, 589 FSupp.2d 587, where studies estimating availability based on vendor data (specifically pre-qualification list and bidders lists) have been upheld in federal court.

Federal DBE programs state that pre-qualification cannot be made part of the certification process. If an agency seeks to prequalify contractors, it must not be required for only DBEs, but for all contractors. Los Angeles County Metro Transit requires pre-qualification for bids or proposals exceeding $100,000.[27] The prime contractor and first-tier subcontractors submit prequalification information as part of the bidding process or to put it on file with Metro which lasts for two years.

[24] 2010 Disparity Study, Washington Suburban Sanitary Commission, Mason Tillman Associates, Ltd., Final Report January 2011.

[25] https://faa.dbesystem.com/FrontEnd/VendorSearchPublic.asp?XID=7023&TN=faa.

[26] Comprehensive Disparity Study for the City of Pensacola, MGT of America, September 12, 2006.

[27] http://www.metro.net/about/business/pre-qualification/

### 4.2.5 Overall Disparity Remains an Issue

**RECOMMENDATION:** OEO should explore conducting more robust disparity studies.

Table 2.8 showed disparity ratios fluctuating between fiscal years 2010 to 2012. OEO should consider costs/benefits to conducting disparity studies that review disparities in factors outside of OEO data. Disparities in earning capacity, business formation, capital markets, loan approvals, and access to credit and bonding are some of the trends reviewed in other national disparity studies. Incorporating private and anecdotal analysis can expound on causes of disparity due to discrimination or other factors previously mentioned. A study that exposes the root of disparities would allow OEO to focus efforts to assign resources and to remedy the cause of disparities in M/W/DSBE utilization.

In fact, a recent analysis of bank activity in the City suggests that areas within the City with higher percentages of minority populations received fewer small business loans than areas with lower percentages of minority populations. In April 2013, Econsult and MFR Consultants submitted a report to the Office of the City Treasurer entitled "Examining the Lending Practices of Authorized Depositories for the City of Philadelphia." In its section on small business lending, the report notes that half as many loans to small businesses and to small businesses with less than $1 million in annual revenues were made in Census tracts in which minorities represent 50 percent or more of the residential population than in Census tracts in which minorities represent less than 50 percent of the residential population.

## 4.3 ACHIEVEMENTS

### 4.3.1 INCREASED OVERSIGHT & ACCOUNTABILITY

Economic Opportunity Plans

The City is to be commended for expanding the protocol for managing Economic Opportunity Plans (EOP). City Council requires that all EOPs on Public Works projects greater than $250,000 include participation and workforce inclusion goals. The plans apply to City, quasi-government and 3rd party projects requiring City support. As of November 2011, EOPs must be signed by the OEO Executive Director, posted on the OEO website and delivered to the City Council Chief Clerk's Office.

An Economic Opportunity Plan (EOP) Oversight Committee is assigned for major projects. The committee consists of the project owner, contractors, union, City Council, community, and

OEO. The Comptroller's Office and Labor Standards Unit is also included for City projects. There are over 100 EOPs on the City's website with a total value of more than $2 billion.

The EOPs include compliance monitoring elements. These include measuring and monitoring Minority and Women owned businesses awarded subcontracts in the areas of performance and payments during the project, diversity of workforce by verifying certified payrolls, resolving participation issues, working with EOP stakeholders to achieve diversity goals, and reporting periodically on status of goal achievement.

Economic Opportunity Review Committee (EORC)

The City Council appointed an Economic Opportunity Review Committee in March 2012. The EORC is made up of representatives from the African-American and Hispanic chambers of commerce, the Legislative Director of AFSCME District Council 47, and a District Council 33 representative. Public testimonials are heard on a quarterly basis in City Council Chambers. The EORC reviews the implementation and effectiveness of Economic Opportunity Plans and makes recommendations to City Council regarding the adoption of resolutions calling for debarment of certain contractors and recipients of City financial assistance.

The City is committed to enforcing the City's anti-discrimination terms and conditions of Economic Opportunity Plans. The Chief Integrity Officer, Inspector General, and the Controller's Office provide assistance in investigating contract violations and fraud. The city has penalized and sought restitution from contract compliance violators.

Public Works Contracts

OEO changed how non-stocking suppliers on Public Works contracts were reported for FY 2012. To avoid pass-through transactions and commercially useful functions issues, non-stocking suppliers were removed from the OEO Registry. Additional scrutiny was placed on contractors who used stocking suppliers to provide non-stocked equipment and materials.[28] Contractors who used these suppliers only received participation credit for the sales commission earned by the M/W/DSBE, rather than the entire value of the equipment or material furnished. This change negatively impacts the participation levels; however, it mirrors participation counting rules in federal programs.

[28] I.e. items not drawn from current inventories.

### 4.3.2 INFORMATION TECHNOLOGY INITIATIVES

Registry Quality Control

The OEO Registry has continued to increase over the years. The City is to be commended for continuing to address the rapid growth of registrants and maintaining the quality of the OEO Registry. First, the City implemented a system roll-out that converted OEO commodity codes to the North American Industry Classification System (NAICS) codes used by the federal government. This transformation aides vendors during the registration process by establishing clear and widely used industry codes to categorize their services. The NAICS codes are also compatible with research data used in availability and disparity studies for easier data comparison for future studies. Secondly, OEO is continuing to purge the Registry of companies that have not responded to OEO's annual validation via email, mail, or phone calls.

Compliance Systems Enhancements

An online payment tracking system was recently launched by OEO, which requires primes and M/W/DSBEs to confirm payments during the life of their contracts. Contractors will log-in to report payments to subcontractors and verify prime contractor payments. The Labor Standards Unit (a new member of Commerce) has also begun piloting a certified payroll system to track labor and workforce hours on projects. These two systems will enable OEO to improve their compliance monitoring efforts with prompt payment and reporting goal achievements.

The City is to be commended for their efforts in ensuring integrity and accountability in city activities. The Philadelphia Office of the Inspector General received the 2013 Public Integrity Award by the American Society of Public Administration. The City has pursued prosecution, fines and debarment of contractors who violate minority contracting provisions. Incorporation of enhanced compliance systems will only strengthen OEO efforts to monitor M/W/DSBE participation and goals.

### 4.3.3 CAPACITY BUILDING & INCLUSION

Capacity Building Program

The OEO Capacity Building Program, launched in September 2011, provided minority contractors with business tools in marketing, expanding capacity, and building business relationships. Experts in construction, finance, bonding, law, marketing, and government

participated and shared their experience with the thirty-seven minority contractors who completed the six month program. Six of the program graduates have received $3.4 million in contracts with the City.

Outreach and Business Development Initiatives

OEO continues to facilitate, participate, and coordinate forums that address increasing opportunities to M/W/DSBEs. A "Beyond Inclusion" workshop was held to discuss the Philadelphia International Airport's Capacity Enhancement Program (CEP) in June 2012 at the Philadelphia Navy Yard. OEO has monthly programs such as "Doing Business in the City" and "Building Business and Putting People to Work" that include presentations from City departments, institutions (e.g. Penn, Temple, Drexel, Small Business Administration, SEPTA, Philadelphia Gas Works), corporations (Comcast, Sugarhouse Casino), and the prime contractor community (e.g. Keating, Intech, Skanska, AP Construction). In addition to the workshops, OEO provided commentary on several radio programs and news outlets. These initiatives yielded OEO an award from the Eastern Pennsylvania US Small Business Administration for the 2012 Minority Business Champion of the Year Award.

Non-Profit Supplier Diversity

A webcast for 100 non-profits was provided by the City's Department of Human Services in collaboration with OEO to facilitate the development of supplier diversity programs with impact. Through the Health and Opportunity Cluster, there has been development and growth of supplier diversity programs within non-profits that receive City contracts. Non-profits are expected to submit information annually detailing their workforce demographics, composition of executive staff, board representation, and local residency of their workforce.

## 4.4 NATIONAL TRENDS - POLICY ACTIONS

This section highlights pertinent findings and recommendation from disparity studies across the nation that may be of interest for further exploration by the City. The national trends of policy actions are intended only as observations for the City's consideration. These observations are not intended to contradict or present any conflict with the Philadelphia Code, OEO policy, or any other current policy adopted by the governing body. This section outlines policy actions adopted by municipalities, state and local government agencies to assists in minority/women business enterprise participation.

### 4.4.1 Change Order Tracking

Contract modifications occur on projects often due to unforeseen issues, emergencies and design changes. These changes are more prevalent in the construction industry and require tracking of costs overruns and other changes to keep the project moving forward. Contract modifications or change orders can be approved throughout the course of a project and, if not closely monitored, can severely affect Minority and Women-owned Business Enterprise participation. For example, a prime contractor who is awarded a contract with a 20 percent goal on a million dollar contract commits to M/WBE participation of at least $200,000 on the project. After a series of change orders, the contract value has increased to $1.5 million; however, none of the M/WBEs' subcontract values were modified to grow with the cost of the project. Therefore, M/WBEs would receive $200,000 on a $1.5 million project or about 13% participation due to changes to the original contract.

Southeastern Pennsylvania Transportation Authority (SEPTA) requires that a diversity department representative review all change orders, on projects of a certain size and scope, to ensure that DBE participation is considered prior to approval. The OEO is to be commended for implementation of the Economic Opportunity Plans and oversight of the Economic Review Committee. It is recommended that OEO continues to closely scrutinize contract values and change orders throughout the life of the project in order to have sufficient time to address any anticipated shortfalls in M/W/DSBE participation.

### 4.4.2 Subcontracting Minimums

Entities receiving transportation funding above a certain threshold are required to follow the Federal DBE program. Due to mandates from the Ninth Circuit Court of Appeals, several agencies in the Ninth Circuit's jurisdiction are prohibited from using race conscious methods i.e. setting contract goals to meet DBE participation. In lieu of establishing race conscious remedies, agencies look to race neutral methods to meet their overall DBE participation. The DBE regulations now require all agencies to review and develop Small Business Element plans that will require departments to review practices to foster more Small Business Enterprise participation, which could indirectly increase DBE participation.

Even though these rules do not apply to City dollars, it is recommended that this program be implemented for projects excluded from the participation numbers due to "few or no M/W/DSBEs" available in the OEO directory (See Appendix J). Establishing a program that still requires the prime to subcontract opportunities, when subcontract opportunities are available, would incorporate SBEs on these projects rather than the primes completing all or a significant portion of the work with their own forces. OEO could continue its outreach and capacity

building activities with an emphasis on the underrepresented categories until such time that M/W/DSBEs are adequately available in the OEO directory.

The City of Los Angeles initiated a Mandatory Subcontracting Minimum (MSM) program to foster more SBE participation.[29][30] For each contract above a certain dollar amount, a percentage is set to be subcontracted based on analysis of the work to be performed and experience from similar contracts (different types of projects involve relatively greater or smaller amounts of subcontracting). Some contracts would not have a MSM set or 0 percent MSM. Prime contractors bidding on the contract would need to subcontract a percentage of the work equal to or exceeding the minimum for their bids to be deemed responsive. If an MSM program is adopted, flexibility in the program should be included with the opportunity for a waiver.

### 4.4.3 SBE Set-asides

Contracts reserved for Small Business Enterprises (SBE) continue to be a growing industry trend. This is especially true for participants in the Federal DBE program, partly due to constraints on using race conscious measures to meet DBE participation in the Western states. These contracts are set-aside for competition only by eligible SBEs. Minority and Women-owned Business Enterprises usually fall in the category of an SBE and could benefit from these set-asides.

As OEO continues to address disparities in M/W/DSBE participation on City funded contracts, disparity ratios should continue to increase. Once disparity ratios get to the point of over-utilization, it is recommended that OEO shift to non-raced based, i.e. race neutral, factors to achieve M/W/DSBE participation. 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. Table 2.8 – FY 2012 Disparity Ratio ("D6") = Utilization ("U2") – Utilization of For-Profit M/W/DSBE Contractors Located in the Philadelphia MSA in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities) represents all the disparity ratios in specific contract types and all contract types. Overall disparity for all M/W/DSBEs in all contract types for FY 2012 was 0.67 resulting in under-utilization as a whole. However, specific groups had over-utilization or ratios greater than 1.0. The African-American category had a disparity ratio in FY 2012 of 4.28 and for Hispanics it was 6.80, both categories significantly over the 1.0 ratio.

[29] http://bca.lacity.org/site/ppt/GSD%20SRI%20SUBCONTRACTING__BIDDING%20INFO.ppt

[30] http://bca.lacity.org/index.cfm?nxt=ee&nxt_body=div_occ_sub.cfm

Pennsylvania Department of Transportation (PennDOT) will begin a certification program for Small Business Enterprises (SBEs). OEO has plans to adopt this program as a verification component to their SBE program. OEO will make modifications to PennDOT's SBE program as needed to complement the existing OEO M/W/DSBE program.

### 4.4.4 Joint Venture Requirements

Joint ventures remain a proven method for M/W/DSBE participation. Meaningful participation can be obtained when prime contractors and M/W/DSBEs team to form a legally structured entity to perform on a project. Joint ventures require prior approval and additional compliance monitoring, but can boost participation and grow small firms into prime contractors. The City does business with joint ventures and this structure continues to provide the City additional flexibility with contracting options.

A couple of national trends regarding joint venture requirements are presented from the City of Atlanta and Washington Suburban Sanitation Commission. The city of Atlanta, Georgia adopted a joint venture policy that requires the establishment of joint ventures on large projects of over $10 million. Primes are required to joint venture with a firm from a different ethnic/gender group in order to ensure prime contracting opportunities for all businesses. Women- and minority-owned firms as well as non-minority owned firms are required to follow this policy. This rule has resulted in tens of millions of dollars in contract awards to women- and minority-owned firms.[31]

The Washington Suburban Sanitation Commission Competitive Business Demonstration Project requires joint ventures between a local SBE and an established firm in procurement areas that have had historically low number of bidders.[32]

### 4.4.5 Ensure Bidder Non-discrimination and Fairly Priced Subcontractor Quotations

As a result of the anecdotal analysis conducted in several disparity studies, some findings stated that many M/W/DSBEs voiced concerns that prime contractors were not soliciting their subcontractor quotes in good faith on projects, and failed to solicit them at all on non-goal projects. Many prime contractors reported that M/W/DSBEs unfairly increase prices, leading to higher contract prices. To investigate these claims, it was recommended that primes be

[31] RFP and Questions and Answers, FC-6167, Energy Service Performance Initiatives, September 2012.

[32] 2010 Disparity Study, Washington Suburban Sanitary Commission, Mason Tillman Associates, Ltd., Final Report January 2011.

required to submit all subcontractor quotes received from bidders on larger projects and the records on all formally procured contracts are maintained, regardless of size. The prices and scopes are then compared to ensure that bidders are in fact soliciting and contracting with subcontractors on a non-discriminatory basis and whether M/W/DSBEs are inflating quotes.

In addition to evaluating M/W/DSBE participation in non-governmental contracts, private sector analysis can also mean seeing where M/W/DSBEs find more success with private sector contracts. This can be because of lower regulatory hurdles, faster payment schedules, or other unforeseen reasons. The City would do well to understand these reasons better so it can make adjustments in its own procurement processes.

The findings from these studies are most likely not isolated to only specific regions of the country. As more disparity studies trend toward expanded data collecting methodologies, it is suggested that OEO continues to explore and seek feedback from program participants such as the survey of M/W/DSBEs OEO conducted in Fall 2012. More information on anecdotal analysis is also discussed in these recommendations.

## 4.5 NATIONAL TRENDS - METHODOLOGIES

National trends for conducting disparity studies are listed in this final recommendation section. Methodologies employed by national researchers are presented for consideration as the City develops scopes of work in future studies. Implementation and incorporation of these elements would require additional resources and time. Two reoccurring trends included in disparity studies were analysis of private sector data and collecting anecdotal information.

### 4.5.1 Private Sector Analysis

In *City of Richmond v J.A. Croson* (*Croson*), the Court established that a "municipality has a compelling government interest in redressing not only discrimination committed by the municipality itself, but also discrimination committed by private parties within the municipality's legislative jurisdiction, so long as the municipality in some way participated in the discrimination to be remedied by the program." (Croson, 488 U.S. 46, 109 S.Ct. at 720-21, 744-45.)

The private sector analysis evaluates the presence or absence of discrimination in the private sector marketplace. When coupled with anecdotal analysis, evaluations can be assessed with M/WBEs commenting on difficulties in securing private sector contracts without goals. Then assessments can be drawn from public sector M/WBE utilization compared with private sector

utilization to determine if majority-owned prime contractors tend to hire M/WBE subcontractors only to satisfy public sector requirements.

The City of Pensacola analyzed minority-and women-owned business enterprises utilization and availability in their market area private commercial construction industry to determine disparities in M/WBE utilization at both the prime contractor and subcontractor levels.[33] After the private sector utilization record was determined, the City compared the rates of M/WBE and non-M/WBE utilization in the private sector with their utilization by the City for public sector construction procurement.

In addition to evaluating M/W/DSBE participation in non-government contracts, private sector analysis can also mean seeing where M/W/DSBEs find more success with private sector contracts than with public sector contracts. This can be because of lower regulatory hurdles, faster payment schedules, or other unforeseen reasons. The City would do well to understand these reasons better so it can make adjustments in its own procurement policies.

Expanded Data Sources

Use of a private sector analysis requires expanded data sources such as Public Use Microdata Samples (PUMS) derived from the American Community Survey of Population and Housing. This methodology was employed by the City of Denver disparity study (Concrete Works v. City and County of Denver, 321 F.3 940, 10th Cir. 2003). Implementing regression analysis from PUMS data will allow for a more in-depth review of several factors that could be attributed to disparity among M/WBEs in the private sector. These include analysis of self employment and earnings by race, ethnicity and gender. Disparities can be evaluated between minority business enterprises and self employment participation and the earnings record of non-minority male business owners to determine if it is attributable to differences in race, gender, or ethnicity.

Since financing is an important component of capacity, and since disparities in access to capital still exist, it is useful to include reviews of financing activity in any analysis of M/W/DSBE capacity. One useful dataset for such a review is Community Reinvestment Act (CRA) data on small business lending by geography and by financial institution. This dataset can provide a rich understanding of the extent to which small business lending is or is not taking place at the neighborhood level. In fact, since 2005, the City of Philadelphia has required an annual review of its authorized depositories that, among other things, utilizes CRA data to evaluate and rank authorized depositories in terms of small business lending activity.

[33] Comprehensive Disparity Study for the City of Pensacola, MGT of America, September 12, 2006

### 4.5.2 Anecdotal Analysis

Anecdotal analysis is common in most disparity studies and the National Cooperative Highway Research Program considers it a recommended approach (NCHRP Report 644, "Guidelines for conducting a Disparity and Availability Study for the Federal DBE Program"). The report states that anecdotal evidence has been collected in a variety of formats including mail surveys, individual interviews, group interviews or focus groups, and public hearings. These approaches have garnered qualitative evidence of barriers to equitable participation minority and women-owned business enterprises in the contracting and subcontracting with public/private entities.

Studies should gather evidence from non-M/WBEs and M/WBEs for a balanced approach. The report indicated that it is critical to explore the extent to which barriers reported by anecdotal sources are the result of discrimination rather than the usual challenges facing all businesses related to developing markets, finding suppliers, managing cash flow, etc. Basic research methodology advises having a control group to test for anomalies and results are undermined without this balance.

The U.S. Commission on Civil Rights recommends (USCCR Disparity Studies as Evidence of Discrimination in Federal Contracting, Briefing Report 2006) that states and localities conducting disparity studies must ensure that any collected anecdotal evidence meets the following rigorous standards: It is (1) collected from both minority and nonminority contractors; (2) not subject to response bias (i.e., arising from self selected study participants rather than a broadly representative sample) nor interviewer bias (i.e., responses the researcher encouraged through the wording of questions or informing the respondent of the political purpose of the inquiry); (3) appropriate in time and place; (4) directly related to discrimination in public contracting; (5) industry specific; (6) group specific; (7) highly detailed about specific instances of discrimination; (8) corroborated with other evidence; and (9) not anonymous (even though names are withheld from the report).

# Volume 2

OVERVIEW ..... A-3

APPENDIX A: CONTEXT AND METHODOLOGY ..... A-4

A.1 Context ..... A-4

A.2 Methodology ..... A-11

APPENDIX B: ANALYSIS ..... A-22

B.1 Utilization ..... A-22

B.2 Availability ..... A-40

B.3 Disparity ..... A-44

B.4 Disparity – Few or no Excluded ..... A-49

APPENDIX C: PARTICIPATION GOALS ..... A-52

APPENDIX D: ADDITIONAL DOCUMENTATION OF DATA SETS AND METHODOLOGICAL APPROACH FOR UTILIZATION AND AVAILABILITY ESTIMATES ..... A-62

D.1 Utilization - OEO Participation Report (Used for Utilization "U1," "U2," and "U3") ..... A-62

D.2 Availability ..... A-64

APPENDIX E: DISPARITY STUDY DATASET AND RELATED FILES ..... A-67

APPENDIX F: DISTRIBUTION OF ALL OEO REGISTERED FIRMS ..... A-68

APPENDIX G: UTILIZATION CHARTS ..... A-74

APPENDIX H: AVAILABILITY CHARTS ..... A-90

APPENDIX I: DISPARITY CHARTS ..... A-101

APPENDIX J: ILLUSTRATIVE LIST OF CONTRACT CATEGORIES FOR WHICH THERE ARE FEW OR NO M/W/DSBES AVAILABLE..... A-114

APPENDIX K: LIST OF ACRONYMS FOR REFERENCE ..... A-119

## OVERVIEW

The Appendices A through C in this volume provide the background and analysis behind Volume I of the City of Philadelphia FY 2012 Annual Disparity Study.

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

Appendix B provides a detailed analysis of the **utilization** and **availability** rates we calculated, as well as the **disparity ratios** for the M/W/DSBE categories under consideration. Our analysis is broken down by M/W/DSBE category, as well as geographic location, in order to give a full picture of M/W/DSBE participation in the City of Philadelphia and in the Philadelphia MSA. Appendix B also provides an analysis and discussion on the impact of excluding contracts when there are few or no M/W/DSBEs available to participate.

Appendix C provides **participation goals** for future years based on the disparity ratios calculated from the FY 2012 data. We include aggregate participation goals as well as separate participation goals for MBEs, WBEs, and DSBEs, and for PW, PPS, and SSE contracts.

Appendices D through I provide the detailed data tables generated for the report. Appendix D and Appendix E provide additional documentation of data sources, methodological approaches, and resulting data files for the FY 2012 Disparity Study. Appendix F provides a distribution of OEO-registered firms. Appendix G, Appendix H, and Appendix I provide additional detail on estimated results for utilization, availability, and disparity.

Appendix J shows FY 2011 and FY 2012 contracts for which there are few or no M/W/DSBEs available to participate.

Appendix K provides a list of acronyms for reference.

# APPENDIX A: CONTEXT AND METHODOLOGY

## A.1 CONTEXT

### A.1.1 LEGAL BASIS

Ordinance 060855-A requires that an Annual Disparity Study is produced, from which annual Participation Goals can be set, pursuant to Section 6-109 of the City's Home Rule Charter. Per the ordinance, this Annual Disparity Study must distinguish between Personal and Professional Services (PPS) contracts, Public Works (PW) contracts, and Services, Supplies and Equipment (SSE) contracts. In addition, this study is required to analyze M/W/DSBEs owned by persons within the following racial, ethnic, and gender categories:

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

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

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

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

### A.1.2 LEGAL CONTEXT

In presenting the Annual Disparity Study's findings and recommendations, it is important to understand the legal context of M/W/DSBE disparity, and the extent to which legal doctrine has shaped the development of programs for M/W/DSBEs. The *"Croson"* case is universally recognized as the catalyst for the subsequent emergence of standards with respect to race-based municipal programs.

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

The Supreme Court found the City's reliance on the disparity between the number of prime contracts awarded to M/W/DSBEs and the City's minority population "misplaced". Specifically, the Supreme Court noted that the City did not ascertain the number of M/W/DSBEs available in the local construction market, and consequently failed to identify the need for remedial action. In establishing discriminatory exclusion, the Court set the test as follows:

> *Where there is a statistical disparity between the number of qualified minority contractors willing and able to perform a particular service and the number of contractors actually engaged by the locality or the locality's prime contractors, an inference of discriminatory exclusion could arise.*[1]

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,[2] 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.

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

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

### A.1.3 PROCUREMENT CONTEXT

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

Within the City, **the Procurement Department** is a central purchasing agency. The City's stated objective is to acquire services, equipment, and construction at the lowest possible price within an equitable competitive bidding framework. The City generally subdivides contracts into three types: **Public Works (PW), Services, Supplies, and Equipment (SSE), and Personal and Professional Services (PPS)**, with PW and SSE contracts falling under Procurement and PPS contracts controlled at the individual department level**.** These three subdivisions are the contract types that are further examined in this Annual Disparity Study.[3]

[3] For race-neutral purposes, PW bids and all competitive bids for SSE in excess of $30,000 are advertised locally for a specified period of time (typically a two-week period), and contracts are awarded to the lowest responsible bidder. Conversely, for Small Order Purchases, the process is decentralized and driven by local individual operating departments. Specifically, for purchases greater than $500 but less than $30,000, departments are urged to solicit from firms registered by OEO and by the US Small Business Administration (SBA).

Within the PW sector, critical components of responsiveness include:

- For all bids exceeding $30,000, a bid surety that guarantees a vendor's commitment to hold the price, terms and conditions firm or incur liability for losses suffered by the City.
- For all PW contracts in excess of $5,000, contractors are required to furnish a performance as well as payment bond equivalent to 100 percent of the contract amount.

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

As for PPS contract opportunities, in February 2006, the City implemented an automated Request for Proposal (RFP) process called "eContractPhilly." eContractPhilly is an online interface that manages the PPS bid contracting process electronically. Under the program, vendors register to create a Vendor Record and submit applications online for PPS bid opportunities, which are posted for a period of 14 days. The system's features are comprehensive and allow vendors to:

- Search new PPS bid contract opportunities.

### A.1.4 EXPENDITURE CONTEXT

It is important to define the expenditures analyzed in this Annual Disparity Study with respect to the total distribution of economic opportunity to various M/W/DSBE categories. FY 2012 operating expenditures for the City were $3.5 billion.[4] However, only $829 million, or about one-quarter, were directly analyzed in this Annual Disparity Study. That $829 million represents sealed bid and PPS bid for-profit contracts awarded. The remainder, which is not included in this report, includes items that cannot as easily be discussed in the context of utilization and availability, with salaries and benefits being the major categories. Effectively, the expenditures evaluated in this report represent **what is under executive control from a procurement standpoint**, and as such the results are one indication of the performance of the Mayor and his 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.[5]

The allocation of funds received through the American Recovery and Reinvestment Act of 2009 are included in the FY 2012 Annual Disparity Study. The inclusion of some of these funds is justified in this study because although they involve federal funds and contracting decisions are driven in part by federal guidelines (and are subject to the lower federal M/W/DSBE participation goals), some also represent significant City influence in goal-setting. Therefore, a case can be made that the City should be held accountable for M/W/DSBE participation levels resulting from their allocation of those federal funds for which they wield limited influence.[6] In

- 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.

[4] City of Philadelphia Mayor's Operating Budget in Brief for Fiscal Year Ending June 30, 2012, as published by the Office of the Director of Finance in June 2012.

[5] Even within the universe of bid and PPS 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 PW or SSE contract has been awarded in Year 1, and then it is extended in subsequent years through amendments, any M/W/DSBE participation levels for those subsequent years is not captured, but rather only for the original awarded contract, with a few exceptions.

[6] US Department of Transportation funded contracts (i.e., Federal Aviation Administration (FAA), Federal Highway Administration (FHWA), and Federal Transit Administration (FTA) funded contracts) are subject to 49 CFR Part 26 which establishes a single goal for the participation of Disadvantaged Business Enterprises (DBEs), as those firms are defined in Section 26.5. In the instance of FHWA contracts, the Pennsylvania Department of Transportation (PennDOT) establishes the contract goal for DBEs since the City is a subrecipient to PennDOT. For FAA assisted contracts, the City's DBE Program Office, and not OEO, establishes the DBE contract goal which is subject to federal guidance. Likewise, contracts funded by the Environmental Protection Agency do not contain a numeric goal but require the solicitation of DBEs. These federal programs do not permit the application of local requirements (i.e., Executive Order 02-05 or Chapter 17-1600) to contracts receiving this express type of federal financial assistance.

FY 2012, federal funds represented 22 PW contracts and $91.4 million in spending (see Table A.1.4.1).

**Table A.1.4.1 – FY 2012 MBE/WBE Utilization for Federal Funds (In $M)**

| Contract Type | Number of Contracts | All $ Contracts | % M/W/DSBE | Included in Core Disparity Study Analysis? |
|---|---|---|---|---|
| PW | 22 | $91.4 M | 16.7% | Yes |
| PPS | 0 | $0 | N/A | N/A |
| SSE | 0 | $0 | N/A | N/A |
| All Contract Types | 22 | $91.4 M | 16.7% | |

*Source: OEO Participation Report (FY 2012), Econsult Solutions (2013)*

Additionally, there are a number of other **public and quasi-public agencies** that intersect with the City and over which the City holds some influence. These represent additional opportunities for M/W/DSBE participation but are not within the scope of this report. Some of these other agencies report their M/W/DSBE utilization directly to OEO and are therefore listed in OEO's Annual Participation Report. Combined, these agencies represent an additional $363 million in contracts in FY 2012 (up from $210.6 million in FY 2011), for which there was M/W/DSBE participation of 28.5 percent (down from 29.7 percent in FY 2011) (see Table A.1.4.2).

**Table A.1.4.2 – FY 2012 MBE/WBE Utilization for Selected Quasi-Governmental Agencies and Functions**

| | | FY 2012 | | | FY 2011 | | |
|---|---|---|---|---|---|---|---|
| Entity | Time Period | All $ Contracts | MBE% | WBE% | All $ Contracts | MBE% | WBE% |
| PHDC | 7/1-6/30 | $42.1M | 24.2% | 4.7% | $20.9M | 32.4% | 7.0% |
| PIDC | 7/1-6/30 | $7.6M | 10.1% | 13.5% | $3.8M | 16.0% | 12.1% |
| RDA | 7/1-6/30 | $313.3M | 22.6% | 6.0% | $185.9M | 22.6% | 6.0% |
| Total | | $363.0M | 28.5% | | $210.6M | 29.7% | |

*Source: OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

Certain local public sector units, such as the Southeastern Pennsylvania Transportation Authority or the School District of Philadelphia, have programs outside the scope of this report. For example, other City agencies and public entities, most notably the Department of Health and Opportunity, within which lie the Department of Human Services and the Department of Behavioral Health and Intellectual disAbility Services, contract out significant amounts of work to non-profit prime contractors, who then enlist the services of for-profit and non-profit subcontractors. As this study only considers for-profit prime contractors and their sub-contractors, procurement opportunities to nonprofit prime contractors and their sub-contractors, such as the ones described above, are excluded from direct analysis.[7]

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**.[8] M/W/DSBEs and their advocates understandably consider all public sector expenditures equally when it comes to business opportunities. Most do not make the narrow legal and administrative distinctions among government departments and quasi-government agencies which are under various degrees of authority by the Mayor and City Council, and which keep differing levels of contract-by-contract data on M/W/DSBE participation. Said another way, the direct topic an Annual Disparity Study covers is the performance of the Mayor and the procurement decisions made by his or her departments.

Heretofore, we have discussed only local public sector contract opportunities, of which there are many available to local M/W/DSBEs over and above that which is being discussed in this report. Of course, there are a significant number of **state and federal** contract opportunities that are available locally and the total universe of public sector contract opportunities (federal, state, and local) is dwarfed by opportunities that are available in the broader **private sector**: the US Department of Commerce estimates that private industry contributed over 90 percent of the Philadelphia MSA's Gross Domestic Product of $346 billion.[9]

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

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

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

[9] As of 2010, private industries contributed $316 billion, while federal, state, and local governments contributed $30 billion. "Gross Domestic Product by Metropolitan Area," US Department of Commerce – Bureau of Economic Analysis (September 2011).

limitations, and to appreciate the larger scope of government and private expenditures that is not included in this analysis.[10]

### A.1.5 SUMMARY OF PREVIOUS STUDIES

DJ Miller & Associates (DJMA) conducted a Disparity Study for the City in which it analyzed data from 1998 to 2003,[11] while Econsult has conducted the last six Annual Disparity Studies, looking annually at FY 2006 to FY 2012 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.[12]
- In calculating availability using US Census datasets, DJMA used 1997 data while Econsult had access to 2007 data.
- Where available, Econsult presented data to a finer level of detail, in terms of specific M/W/DSBE categories, the geographic distribution of M/W/DSBE utilization and availability, and department by department performance.
- The DJMA study was used to satisfy the standards established in the *Croson* case, whereas Econsult reports were more designed to address issues of performance.

Despite these differences, it is instructive to compare results from these two sets of reports. Doing so provides some sense of M/W/DSBE utilization during the time periods of the two reports. We note, for example, the significant increase in M/W/DSBE utilization between the 1998-2003 time period and FY 2006 to FY 2012 (see Table A.1.5.1).

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

[11] "City of Philadelphia Disparity Study Update Final Report," DJ Miller & Associates (January 27, 2004).

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

**Table A.1.5.1 – FY 1998-2003 vs. FY 2006-2012 Utilization of M/W/DSBEs Located within the Philadelphia Metropolitan Statistical Area (MSA)**

| | DJ Miller FY 1998-2003 Purchase Orders | DJ Miller FY 1998-2003 Awarded Contracts | DJ Miller FY 1998-2003 Actual Payments | Econsult FY 2006 Awarded Contracts | Econsult FY 2007 Awarded Contracts | Econsult FY 2008 Awarded Contracts | Econsult FY 2009 Awarded Contracts | Econsult FY 2010 Awarded Contracts | Econsult FY 2011 Awarded Contracts | Econsult FY 2012 Awarded Contracts |
|---|---|---|---|---|---|---|---|---|---|---|
| MBE | 2.3% | 5.7% | 1.4% | 14.6% | 13.0% | 12.7% | 11.6% | 7.2% | 9.0% | 9.6% |
| WBE | 2.2% | 2.3% | 0.8% | 7.1% | 8.0% | 4.8% | 5.7% | 5.1% | 6.0% | 5.6% |
| DSBE | N/A | N/A | N/A | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| All M/W/DSBEs Located within the Philadelphia MSA | 4.5% | 8.0% | 2.2% | 17.6% | 17.6% | 14.8% | 14.2% | 10.9% | 13.4% | 13.9% |
| M/W/DSBEs Located Outside the Philadelphia MSA, Plus All Non-M/W/DSBEs | 95.5% | 92.0% | 97.8% | 82.4% | 82.4% | 85.2% | 85.8% | 89.1% | 86.6% | 86.1% |

*Source: DJ Miller & Associates (2004), Econsult Solutions (2007, 2008, 2009, 2010, 2011, 2012, 2013)*

## A.2 METHODOLOGY

In determining our methodology for this study, we first examined the methodology utilized by DJ Miller & Associates (DJMA) in their initial 1998-2003 Disparity Study for the City of Philadelphia.[13] We also examined methodologies developed by other consulting firms for other Annual Disparity Studies. Finally, we revisited the methodology employed in our Fiscal Year (FY) 2006, FY 2007, FY 2008, FY 2009, FY 2010, and FY 2011 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.[14] Specifically, we were interested in calculating the

[13] Because DJMA discussed various interpretations of the requirements of the US Supreme Court's *Croson* decision (as well as subsequent court rulings) with respect to defining what a disparity study should actually measure and examine, we will not go into further legal context description beyond what is discussed in Section A.1.2

[14] See Appendix D for more information on our specific methodology in obtaining, filtering, and organizing data from these sources, and Appendix E for a list of files used for the production of the FY 2012 Disparity Study results.

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 A.2.1.1):

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

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

*Source: City of Philadelphia (2012)*

## A.2.1 DISPARITY

We define our disparity ratio in the following way: **utilization rate divided by availability rate**. The utilization rate is defined as the total dollar value of contracts awarded to for-profit M/W/DSBE prime contractors and sub-contractors registered by OEO, divided by the dollar value of all City contracts awarded to all for-profit entities. In a similar fashion, the availability rate is defined as the proportion of "ready, willing, and able" (RWA) M/W/DSBEs in the City, or alternatively, the Philadelphia Metropolitan Statistical Area (MSA),[15] 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 A.2.1.1).

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

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

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

*Source: Econsult Solutions (2013)*

Both the numerator and denominator in the disparity ratio are themselves fractions. "Utilization" is defined as the dollar amount of contracts awarded in a given contract type and M/W/DSBE category, divided by the total dollar amount of contracts awarded in that given contract type. "Availability" is defined as the number of "ready, willing, and able" firms in a given contract type and M/W/DSBE category, divided by the total number of "ready, willing, and able" firms in that given contract type (see Table A.2.1.2).

**Table A.2.1.2 – Components of a Disparity Ratio**

| *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 Solutions (2013)*

For the purposes of this report, we are interested exclusively in FY 2012 data. Where data constraints result in missing, insufficient or ambiguous figures, we do not include these figures, but instead show an "*." Therefore, all figures shown are statistically significant.

### A.2.2 Utilization

Utilization refers to **the participation of firms in various M/W/DSBE categories, as a percentage of all contracts awarded**. In determining utilization rates, we used raw data from OEO's FY 2012 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.[16]

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

In approaching the utilization rate in this manner, we acknowledge the following challenges in understanding the true utilization of M/W/DSBEs in the awarding of City contracts:

- There are an unknown amount of City contracts that are awarded to firms that would qualify under one or more M/W/DSBE classifications, but who have not (or not yet) been registered by OEO. Thus, 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 are artificially low.[17]

- 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

[16] Importantly, the OEO-registered list we use in determining which contract dollars were awarded to OEO-registered firms is from January 2013. Technically, that list represents a specific point in time, while in reality the OEO-registered list is ever-changing, as M/W/DSBEs are added (i.e. become registered) or removed (e.g. went out of business). What truly matters in terms of M/W/DSBE participation is whether a prime contractor or sub-contractor was OEO-registered at the time of the contract, rather than at the end of the fiscal year. However, a list at a specific point in time, in this case subsequent to the end of the fiscal year which the study is covering, is a close enough approximation.

[17] 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- and/or women owned firms that are not or not yet registered with OEO. To the extent that any of these "certifiables" received contracts in FY 2012, 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 of sole practitioners (i.e. minorities or women who directly provide products and services to the City)

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, Philadelphia Gas Works, and SEPTA. and non-profit prime contractors. If thinking even more broadly about large procurement opportunities available to M/W/DSBEs, one would also need to mention state and federal contracts, as well as the purchasing dollars of large non-public entities like universities and private corporations. The scope of our study is necessarily circumscribed to the procurement activity of the departments covered in OEO's Annual Participation Report, and thus only covers a small slice of the overall regional economic picture in terms of procurement opportunities for M/W/DSBEs.

- The City has a new system that will track payments on the subcontracts awarded to M/W/DSBEs. The online payment tracking system requires prime contractors and M/W/DSBEs to confirm payments for performance on their contracts. 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 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.

### A.2.3 Availability

To match the "numerator" of utilization rate, we must consider the equivalent "denominator," which is **the proportion of available firms that belong 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.[18]

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.[19]

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,

[18] 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.

[19] In 2013, OEO will conduct a survey of M/W/DSBEs in its directory to explore these aspects of capacity.

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[20] and Mason Tillman in New York City[21] have used *Croson* as a guideline for defining availability. Our methodology in determining availability rates takes this existing body of knowledge into account, and evaluates it from the perspective of determining an approach that is sensitive to the constraints involved in considering either broader or narrow definitions of RWA firms.

One can define this universe of RWA firms to varying degrees of strictness. In the narrowest sense, that universe can be considered as only those firms that have demonstrated RWA by actually registering or certifying to do business with the City. The availability rate for each category and industry of interest would be the number of M/W/DSBEs registered with OEO, divided by the number of all firms registered with the City's Procurement Department.

Using a broader definition of RWA, one could use the US Census Survey of Business Owners (SBO),[22] 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.[23]

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

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

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

[22] 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).

[23] 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.

variety of reasons have not (or not yet) registered with the City. Considering only registered firms would under-count both the M/W/DSBE amount and the non-M/W/DSBE amount, with a possible skewing on the availability rate, depending on whether M/W/DSBEs were more or less likely than non-M/W/DSBEs to choose not to identify themselves as ready, willing, and able by registering with the City's Procurement Department 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.[24]

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.[25] 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. Finally, similar to the FY 2011 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 2012 Disparity Study weights A1 – A5 data according to the distribution of FY 2012 spending by industry, per the FY 2012 Participation Report.

Furthermore, there is no absolute legal consensus as to **the appropriate geographic market for determining M/W/DSBE availability**. In some cases, it has been validated that the relevant

[24] 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.

[25] 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.

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.[26] In other cases, it has been validated that the relevant geographic market for a government's disparity analysis extends beyond that government's jurisdiction (for example: a state whose disparity analysis includes counties in another state, or a local entity whose disparity analysis includes surrounding municipalities or counties, to the extent that those nearby jurisdictions are natural sources for firms in a position to bid on and be awarded contracts within that jurisdiction).[27]

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.

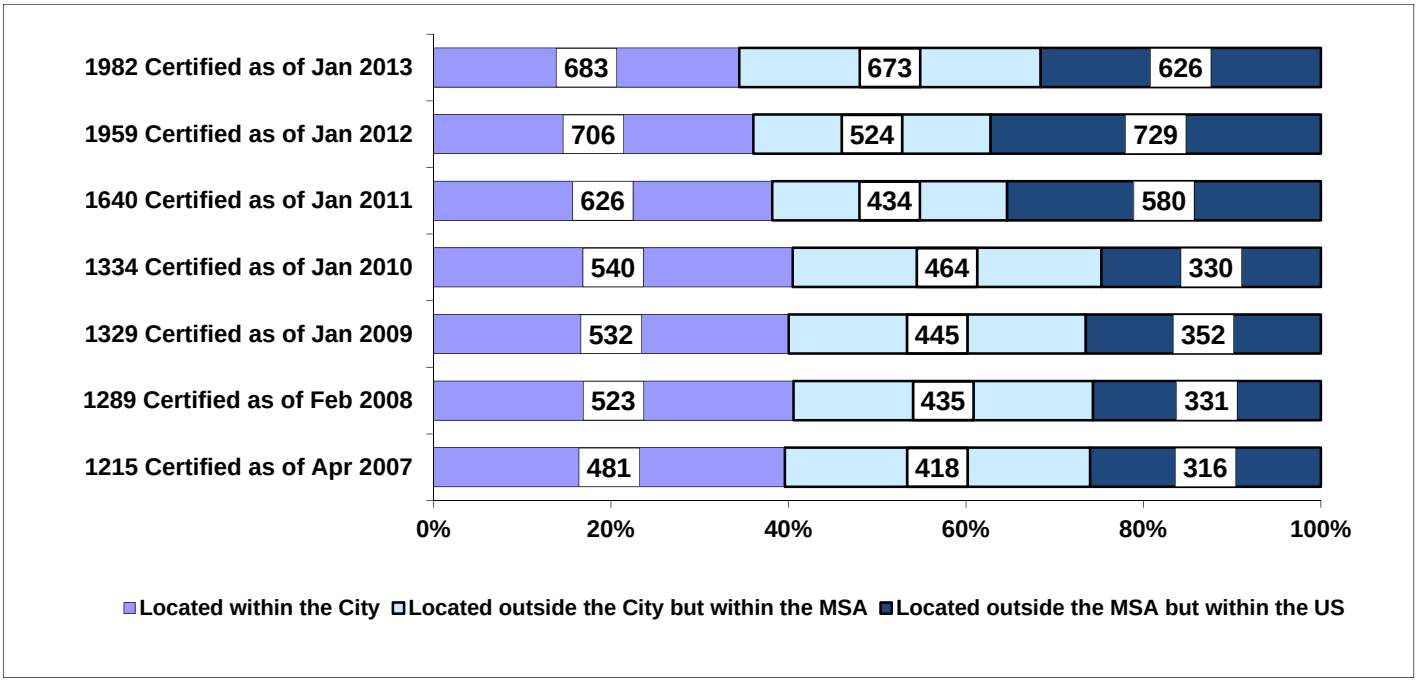
It is instructive to report at this time the geographic distribution of OEO-registered firms. In FY 2012, OEO purged inactive firms from the OEO directory and continues to aggressively review the directory so that it remains as up to date as possible. Even with regular purging, close to a quarter of firms are located outside the City but within the Philadelphia MSA and a third are located outside the Philadelphia MSA altogether (see Figure A.2.3.1).[28]

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

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

[28] About two-thirds of firms in the OEO directory are located within the Commonwealth of Pennsylvania, and about 90 percent are within Pennsylvania, New Jersey, New York, Maryland, or Delaware. See also Appendix F for further information on the distribution of firms in the OEO directory, as of January 2013.

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




*Source: City of Philadelphia Minority Business Enterprise Council (2007, 2008, 2009), City of Philadelphia Office of Economic Opportunity (2010, 2011, 2012, 2013), Econsult Solutions (2007, 2008, 2009, 2010, 2011, 2012, 2013)*

Thus, it makes sense to consider the Philadelphia MSA the best approximation of the geographic area within which the vast majority of available and awarded firms are located, since OEO's own directory suggests such a geographic distribution. Using the US as a whole would clearly be far too vast a geographic unit, but using just the City itself might be too narrow a geographic unit.[29]

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

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

However, City-level availability estimates are still useful in understanding the distribution of RWA M/W/DSBE firms. Therefore, City-level availability estimates are made and accounted for in making participation goal recommendations.

ability.[30] Disparity Studies necessarily have to utilize existing data and cannot perfectly know the actual availability rate because of the challenge in quantifying the appropriate universes of RWA firms. This hinders the preciseness of stated availability rates, which justifies not relying on any one approach or data set for determining availability (see Table A.2.3.2).[31]

**Table A.2.3.2 – 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 Solutions (2013)*

[30] 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.

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

# APPENDIX B: ANALYSIS

In this section, we provide a series of charts and accompanying narratives that depict the disparity ratio for all relevant Minority Business Enterprise (MBE), Women Business Enterprise (WBE), and Disabled Business Enterprise (DSBE) (collectively known as M/W/DSBE) categories and contract types. We arrive at these disparity ratios by looking first at utilization rate and then at availability rate. In each set of charts, we can examine the City of Philadelphia's performance in one or more of five ways:

- Fiscal Year (FY) 2012 results relative to results from Econsult Corporation's FY 2011 report;
- FY 2012 results across all for-profit contract types;
- FY 2012 results across geographic boundaries (i.e. the physical location of M/W/DSBEs);
- FY 2012 results across M/W/DSBE categories: MBEs (and, where data availability allows it, distinct ethnic groupings within), WBEs, and DSBEs;[32] and
- FY 2012 results by City department.

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

## B.1 UTILIZATION

As described in Appendix A, M/W/DSBE utilization is defined as the dollar value of contracts awarded to for-profit M/W/DSBE prime contractors and sub-contractors divided by the total dollar value of contracts awarded to for-profit contractors, as reported in the FY 2012 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

[32] 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.

Philadelphia Metropolitan Statistical Area (MSA), or within the US. In fact, these three sizes of geography represent the three different ways we can express utilization (see Table B.1.1):[33]

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

| Method | Description | Data Source(s) |
|---|---|---|
| "U1" | Utilization of M/W/DSBEs located in the City of Philadelphia ÷ utilization of all firms | OEO Annual Participation Report (FY 2012) |
| "U2" ** | Utilization of M/W/DSBEs located in the Philadelphia MSA ÷ utilization of all firms | OEO Annual Participation Report (FY 2012) |
| "U3" | Utilization of M/W/DSBEs located in the US ÷ utilization of all firms | OEO Annual Participation Report (FY 2012) |

*Source: Econsult Solutions (2013)*

Before we look at dollar values, let us first consider the distribution of contracts by contract type in FY 2012 (see Table B.1.2 and Table B.1.3).[34] Out of 2,532 total contracts, 717 (28.3 percent) had one or more M/W/DSBEs involved: 422 (16.7 percent) where the M/W/DSBE was

[33] 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.

[34] 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 (SOPss) were not included in this calculation. See Appendix G for additional detail on FY 2012 distribution of M/W/DSBE utilization.

a prime contractor, and 295 (11.7 percent) where one or more of the sub-contractors was an M/W/DSBE. Across contract types, there was wide variation: the proportion of contracts with at least one M/W/DSBE participating ranged from 90.1 percent for PW contracts to 43.6 percent for PPS contracts to 17.4 percent for SSE contracts, while the proportion of contracts with M/W/DSBE prime contractors ranged from 22.9 percent for PPS contracts to 10.8 percent for PW contracts to 10.4 percent for SSE contracts. Compared to FY 2011 the number of contracts, as well as the proportion of all City contracts, increased with regards to M/W/DSBE participation. The number of M/W/DBSE prime contracts awarded increased from 321 (and 14 percent of contracts) in FY 2011 to 422 (and 16.7 percent of contracts) in FY 2012.

**Table B.1.2 – FY 2012 Distribution of M/W/DSBE Utilization in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type**

| | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|
| # Contracts | 148 | 739 | 316 | 2,532 | 151 | 773 | 351 | 2,299 |
| # Contracts With At Least 1 M/W/DSBE Participating | 136 | 322 | 55 | 717 | 132 | 340 | 45 | 647 |
| % Contracts with at Least 1 M/W/DSBE Participating | 90.1% | 43.6% | 17.4% | 28.3% | 87.4% | 44.0% | 12.8% | 28.1% |
| # Contracts Awarded to M/W/DSBE Prime Contractors | 16 | 169 | 33 | 422 | 7 | 166 | 18 | 321 |
| % Contracts Awarded to M/W/DSBE Prime Contractors | 10.8% | 22.9% | 10.4% | 16.7% | 4.6% | 21.5% | 5.1% | 14.0% |
| # Contracts With At Least 1 M/W/DSBE Sub-Contractor | 120 | 153 | 22 | 295 | 125 | 174 | 27 | 326 |
| % Contracts With At Least 1 M/W/DSBE Sub-Contractor | 79.5% | 20.7% | 7.0% | 11.7% | 82.8% | 22.5% | 7.7% | 14.2% |

*Source: OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

**Table B.1.3 – FY 2012 Distribution of M/W/DSBE Utilization in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type[35]**

| | PW = 148 total contracts | | | | PPS = 739 total contracts | | | | SSE = 316 total contracts | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | All M/W/ DSBE | MBE | WBE | DSBE | All M/W/ DSBE | MBE | WBE | DSBE | All M/W/ DSBE | MBE | WBE | DSBE |
| # M/W/DSBEs Participating in At Least One Contract | 136 | 70 | 75 | 1 | 322 | 156 | 170 | 0 | 55 | 28 | 32 | 0 |
| Highest # of Contracts a Single M/W/DSBE Participated in | 32 | 21 | 32 | 1 | 29 | 17 | 29 | 0 | 6 | 4 | 6 | 0 |
| # M/W/DSBEs Participating in Exactly 1 Contract | 87 | 38 | 52 | 1 | 225 | 112 | 115 | 0 | 49 | 25 | 28 | 0 |
| # M/W/DSBEs Participating in 2-5 Contracts | 39 | 26 | 18 | 0 | 82 | 39 | 45 | 0 | 5 | 3 | 3 | 0 |
| # M/W/DSBEs Participating in 6-10 Contracts | 5 | 2 | 4 | 0 | 9 | 4 | 5 | 0 | 1 | 0 | 1 | 0 |
| # M/W/DSBEs Participating in 11-20 Contracts | 3 | 3 | 0 | 0 | 5 | 1 | 4 | 0 | 0 | 0 | 0 | 0 |
| # M/W/DSBEs Participating in 21 or More Contracts | 2 | 1 | 1 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |

*Source: OEO Annual Participation Report (FY 2012), Econsult Solutions (2013)*

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 2012 participated in five or fewer 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.

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

For example, within the 148 Public Works (PW) contracts in which at least one M/W/DSBE participated as either a prime contractor or sub-contractor, 136 different M/W/DSBEs participated. Of those 136 M/W/DSBEs, 126 of them (92.6 percent) participated in five or fewer PW contracts: 87 (69 percent) participated in exactly one PW contract and another 48 (almost 39 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: 307 out of 322, or 95.3 percent, of M/W/DSBEs that participated in at least one PPS contract participated in five or fewer PPS contracts, while 54 out of 55, or 98.2 percent, of M/W/DSBEs that participated in at least one SSE contract participated in five or fewer SSE contracts. Sixteen PW contracts and 33 SSE contracts were awarded to M/W/DSBE prime contractors. Far more PPS contracts were awarded to M/W/DSBE prime contractors: 169, or 22.9 percent of the City's 739 PPS contracts.

The figures below provide an overview of the City's utilization of M/W/DSBEs in its awarding of contracts. The percentages represent the dollar amount of contracts within each contract type, and then for all contract types in aggregate, that were awarded to different categories of M/W/DSBEs. We provide three sets of utilization results, representing three units of geography or concentric circles: "U1" is utilization of M/W/DSBEs that are located within the City (see Table B.1.4), "U2" is utilization of M/W/DSBEs that are located within the Philadelphia MSA (see Table B.1.5), and "U3" is utilization of M/W/DSBEs that are located within the US (see Table B.1.6). As noted previously, the FY 2012 results include federally funded contracts.

**Table B.1.4 – FY 2012 Utilization ("U1") - Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Located within the City of Philadelphia in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities)**

| | | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|---|
| White | Female | 1.1% | 0.6% | 6.4% | 1.8% | 1.0% | 1.1% | 4.7% | 1.7% |
| Native American | Male & Female | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Asian American | Male & Female | 0.7% | 0.1% | 0.0% | 0.2% | 0.0% | 0.1% | 0.0% | 0.0% |
| African American | Male & Female | 0.8% | 8.6% | 0.4% | 5.0% | 0.5% | 9.8% | 0.1% | 4.8% |
| Hispanic | Male & Female | 3.9% | 1.0% | 0.4% | 1.7% | 0.6% | 1.0% | 0.3% | 0.8% |
| All MBE | Male & Female | 5.4% | 9.7% | 1.1% | 7.0% | 1.1% | 10.9% | 0.5% | 5.7% |
| All | Female | 1.1% | 2.3% | 6.4% | 2.7% | 1.1% | 3.9% | 4.8% | 3.0% |
| 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 | 6.5% | 10.3% | 7.5% | 8.8% | 2.2% | 12.0% | 5.1% | 7.3% |

*Source: OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

**Table B.1.5 – FY 2012 Utilization ("U2") - Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Located within the Philadelphia MSA in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities)**

| | | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|---|
| White | Female | 6.3% | 2.4% | 7.0% | 4.3% | 7.3% | 1.9% | 4.7% | 4.4% |
| Native American | Male & Female | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Asian American | Male & Female | 0.0% | 1.1% | 0.0% | 0.8% | 0.0% | 1.9% | 0.0% | 1.0% |
| African American | Male & Female | 2.7% | 9.6% | 0.4% | 6.1% | 2.8% | 10.8% | 0.1% | 6.2% |
| Hispanic | Male & Female | 6.0% | 1.6% | 0.5% | 2.5% | 2.9% | 1.2% | 0.3% | 1.7% |
| All MBE | Male & Female | 9.6% | 12.5% | 1.3% | 9.6% | 6.0% | 14.1% | 0.6% | 9.0% |
| All | Female | 6.7% | 4.6% | 7.1% | 5.6% | 7.7% | 4.9% | 4.9% | 6.0% |
| 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 | 15.8% | 14.9% | 8.3% | 13.9% | 13.3% | 16.0% | 5.3% | 13.4% |

*Source: OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

**Table B.1.6 – FY 2012 Utilization ("U3") - Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Located within the US in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities)**

| | | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|---|
| White | Female | 7.5% | 4.8% | 8.8% | 6.3% | 10.5% | 5.5% | 6.8% | 8.0% |
| Native American | Male & Female | 0.2% | 0.0% | 0.1% | 0.1% | 0.7% | 0.0% | 0.0% | 0.2% |
| Asian American | Male & Female | 1.5% | 2.1% | 0.1% | 1.5% | 1.3% | 4.7% | 0.1% | 2.7% |
| African American | Male & Female | 4.5% | 14.0% | 12.0% | 11.0% | 4.0% | 14.5% | 9.9% | 10.0% |
| Hispanic | Male & Female | 7.5% | 1.7% | 2.2% | 3.3% | 3.3% | 1.3% | 2.0% | 2.2% |
| All MBE | Male & Female | 13.6% | 18.1% | 14.7% | 16.2% | 9.3% | 20.7% | 12.1% | 15.3% |
| All | Female | 8.7% | 8.5% | 8.9% | 8.6% | 12.1% | 10.0% | 7.0% | 10.8% |
| 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 | 21.2% | 22.9% | 23.5% | 22.5% | 19.8% | 26.2% | 18.9% | 23.3% |

*Source: OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

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 8.8 percent in FY 2012. That does not mean that 91.8 percent of City contract dollars awarded went to white male-owned firms. Rather, 5.1 percent went to M/W/DSBEs located outside the City but within the Philadelphia MSA (since M/W/DSBE utilization at the Philadelphia MSA level was 13.9 percent); and an additional 8.6 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 22.5 percent). The remaining 77.5 percent of City contract dollars awarded went to non-M/W/DSBEs (see Table B.1.7 and Table B.1.8).[36]

[36] See Appendix G for additional detail by M/W/DSBE category. We use the term "non-M/W/DSBEs" instead of "white male owned firms" because the category includes, in addition to white male owned firms, two other business ownership types: 1) publicly traded companies, and 2) companies owned and operated by minorities, women, or disabled persons that are not OEO-registered as M/W/DSBEs and are therefore not counted as M/W/DSBEs.

**Table B.1.7 – FY 2012 Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type and by Location of M/W/DSBE (by $ Contracts Awarded)**

| Location of M/W/DSBE | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|
| City | 6.5% | 10.3% | 7.5% | 8.8% | 2.2% | 12.0% | 5.1% | 7.3% |
| In MSA but Outside City | 9.3% | 4.6% | 0.8% | 5.1% | 11.1% | 4.0% | 0.2% | 6.1% |
| MSA | 15.8% | 14.9% | 8.3% | 13.9% | 13.3% | 16.0% | 5.3% | 13.4% |
| In US but Outside MSA | 5.3% | 8.0% | 15.2% | 8.6% | 6.5% | 10.2% | 13.5% | 9.9% |
| US | 21.2% | 22.9% | 23.5% | 22.5% | 19.8% | 26.2% | 18.9% | 23.3% |
| Non-M/W/DSBEs | 78.8% | 77.1% | 76.5% | 77.5% | 80.2% | 73.8% | 81.1% | 76.7% |

*Source: OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

**Table B.1.8 – FY 2012 Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type and by Location of M/W/DSBE (in $M)**

| Location of M/W/DSBE | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|
| City | $14.3 | $46.3 | $11.4 | $72.6 | $6.1 | $43.8 | $6.3 | $57.0 |
| In MSA but Outside City | $20.3 | $20.4 | $1.3 | $42.6 | $31.4 | $14.6 | $0.2 | $47.5 |
| MSA | $34.6 | $66.6 | $12.6 | $115.2 | $37.5 | $58.4 | $6.5 | $104.5 |
| In US but Outside MSA | $11.6 | $35.9 | $23.1 | $71.2 | $18.5 | $37.3 | $16.6 | $76.8 |
| US | $46.2 | $102.6 | $35.7 | $186.4 | $56.0 | $95.6 | $23.1 | $181.3 |
| Non-M/W/DSBEs | $172.1 | $344.9 | $116.3 | $642.9 | $226.6 | $269.5 | $99.4 | $597.3 |
| Total | $218.3 | $447.5 | $152.0 | $829.3 | $282.6 | $365.1 | $122.5 | $778.6 |

*Source: OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

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

- Comparing FY 2012 utilization results with FY 2011 utilization results:
  - **The proportion of M/W/DSBE participation coming from firms inside the City and the MSA has grown**. It is clear the City is committed to using M/W/DSBEs where possible and particularly within the City and MSA. There is still local benefit from using M/W/DSBEs from outside the area, 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 decreased slightly from 23.3 percent in FY 2011 to 22.5 percent in FY 2012 for all M/W/DSBEs irrespective of location**.
  - M/W/DSBE utilization increased from 7.3 percent in FY 2011 to 8.8 percent in FY 2012 for M/W/DSBEs located within the City and up from 13.4 percent in FY 2011 to 13.9 percent in FY 2012 for firms located within the Philadelphia MSA. Utilization of M/W/DSBEs grew by 1.5 percent within the City and .5 percent within the MSA.
  - There was a significant increase in utilization of M/W/DSBEs located within the City for PW and SSE and a decrease in utilization PPS contracts contract types. Utilization of M/W/DSBEs located within the City on PPS contracts decreased from 12.0 percent in FY 2011 to 10.3 percent in FY 2012. PW contracts increased from 2.2 percent to 6.5 percent from FY 2011 to FY 2012 and SSE utilization increased from 5.1 percent in FY 2011 to 7.5 percent in FY 2012.
- Comparing results across M/W/DSBE categories:
  - Utilization of African American firms increased in the City and across the US, but decreased by 0.1 percent in the MSA. Utilization of African American firms located within the City increased from 4.8 percent in FY 2011 to 5.0 percent in FY 2012 and decreased from 6.2 percent in FY 2011 to 6.1 percent in FY 2012 for firms located within the Philadelphia MSA. Firms located within the US saw increased utilization from 10.0 percent in FY 2011 to 11.0 percent in FY 2012. Overall, across all locations, utilization of African American firms increased by 1.1 percent, and they remain the M/W/DSBE category with the highest utilization levels for most contract types.
  - Utilization of Hispanic firms increased in the City, the MSA and across the US. For firms located within in the City, utilization is up from 0.8 percent in FY 2011 to 1.7 percent in FY 2012. Utilization is also up from 1.7 percent in FY 2011 to 2.5 percent in FY 2012 for firms located within the Philadelphia MSA and up from 2.2 percent in

FY 2011 to 3.3 percent in FY 2012 for firms located within the US. Thus, the utilization of Hispanic firms across all locations increased by 2.8 percent.

- Utilization of Asian American firms increased in the City of Philadelphia but decreased in the Philadelphia MSA and across the US. Utilization increased from 0.0 percent in FY 2011 to 0.2 percent in FY 2012 for firms located within the City of Philadelphia and decreased from 1.0 percent in FY 2011 to 0.8 percent in FY 2012 for firms located within the Philadelphia MSA. Utilization also decreased from 2.7 percent in FY 2011 to 1.5 percent in FY 2012 for firms located within the US. Overall, the utilization of Asian American firms across all locations decreased a total of 1.2 percent.

- Utilization of white female owned firms increased from 1.7 percent in FY 2011 to 1.8 percent in FY 2012 for firms located within the City of Philadelphia, decreased from 4.4 percent in FY 2011 to 4.3 percent in FY 2012 for firms located within the Philadelphia MSA, and decreased from 8.0 percent in FY 2011 to 6.3 percent in FY 2012 for firms located within the US. Although, the utilization of white female firms located within the City increased a total of 0.1 percent, utilization of female firms all locations decreased by 1.7 percent.

- The only data available for Native Americans is at the national level, which showed a 0.1 percent decrease in utilization from 0.2 percent in FY 2011 to 0.1 percent in FY 2012 for all contract types.

- Comparing results across contract types:

  In FY 2012, SSE was the contract type that enjoyed the highest utilization rates across contract types (from 18.9 percent in FY 2011 to 23.5 percent in FY 2012). PPS contract types had the largest decrease across all geographies (from 26.2 percent in FY 2011 to 22.9 percent in FY 2012, a decrease of 3.3 percent).

  - Utilization of M/W/DSBEs for PW contracts increased across all locations. Utilization increased from 2.2 percent in FY 2011 to 6.5 percent in FY 2012 for firms located within the City, up from 13.3 percent in FY 2011 to 15.8 percent in FY 2012 for firms located within the Philadelphia MSA, and up from 19.8 percent in FY 2011 to 21.2 percent in FY 2012 for firms located within the US. Since utilization within the City increased, the utilization of M/W/DSBEs located within the Philadelphia MSA but outside the City for PW contracts decreased from 11.1 percent in FY 2011 to 9.3 percent in FY 2012, and the utilization of M/W/DSBEs located outside the Philadelphia MSA was down from 6.5 percent in FY 2011 to 5.3 percent in FY 2012.

  - Utilization of M/W/DSBEs for PPS contracts decreased across all locations. Utilization decreased from 12.0 percent in FY 2011 to 10.3 percent in FY 2012 for

firms located within the City, decreased from 16.0 percent in FY 2011 to 14.9 percent in FY 2012 for firms located within the Philadelphia MSA, and decreased from 26.2 percent in FY 2011 to 22.9 percent in FY 2012 for firms located within the US. Thus, the utilization of M/W/DSBEs located within the Philadelphia MSA but outside the City for PPS contracts increased from 4.0 percent in FY 2011 to 4.6 percent in FY 2012, and the utilization of M/W/DSBEs located outside the Philadelphia MSA decreased from 10.2 percent in FY 2011 to 8.0 percent in FY 2012.

- Utilization of M/W/DSBEs for SSE contracts increased across all locations. Utilization of M/W/DSBEs for SSE contracts increased from 5.1 percent in FY 2011 to 7.5 percent in FY 2012 for firms located within the City, up from 5.3 percent in FY 2011 to 8.3 percent in FY 2012 for firms located within the Philadelphia MSA, and increased from 18.9 percent in FY 2011 to 23.5 percent in FY 2012 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 up from 0.2 percent in FY 2011 to 0.8 percent in FY 2012, and the utilization of M/W/DSBEs located outside the Philadelphia MSA was increased from 13.5 percent in FY 2011 to 15.2 percent in FY 2012.

**Figure B.1.9 – FY 2012 Utilization of M/W/DSBEs as Prime Contractors, by $ Contracts Awarded, Based on 2012 MBEC Participation Report**

| Contract Type | FY 12 # M/W/DSBE Prime Contracts | FY 12 $M M/W/DSBE Prime Contracts | FY 11 # M/W/DSBE Prime Contracts | FY 11 $M M/W/DSBE Prime Contracts |
|---|---|---|---|---|
| Public Works | 16 | $14.45 | 7 | $6.12 |
| M/W/DSBE Utilization as Prime | 10.8% | 6.6% | 4.6% | 2.2% |
| M/W/DSBE Total Utilization (Prime + Sub) | | 21.2% | | 19.8% |
| Personal and Professional Services | 169 | $41.28 | 166 | $54.81 |
| M/W/DSBE Utilization as Prime | 22.9% | 9.2% | 21.5% | 15.0% |
| M/W/DSBE Total Utilization (Prime + Sub) | | 22.9% | | 26.1% |
| Services, Supplies, and Equipment | 33 | $4.95 | 18 | $6.17 |
| M/W/DSBE Utilization as Prime | 10.4% | 3.3% | 5.1% | 5.0% |
| M/W/DSBE Total Utilization (Prime + Sub) | | 16.7% | | 18.0% |
| All Contract Types (Not Incl SOP/MPO) | 218 | $60.67 | 191 | $67.10 |
| M/W/DSBE Utilization as Prime | 18.1% | 7.4% | 15.0% | 8.7% |
| M/W/DSBE Total Utilization (Prime + Sub) | | 21.3% | | 23.3% |

*Source: OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

Information from the 2012 MBEC Participation Report indicates that **18.1 percent of all City contracts were primed by OEO M/W/DSBEs (up from 15.0 percent in FY 2011), representing 7.4 percent of the aggregate dollar value of all City contracts (a decrease from 8.7 percent in FY 2011).** M/W/DSBEs primed 10.8 percent of PW contracts (representing 6.6 percent of City contract dollar amounts), 22.9 percent of PPS contracts (representing 9.2 percent of City contract dollar amounts), and 10.4 percent of SSE contracts (representing 3.3 percent of City contract dollar amounts) (see Figures B.1.9 and B.1.10).

**Figure B.1.10 – FY 2012 Utilization of M/W/DSBEs as Prime Contractor in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities) (by # and $ of Contracts)[37]**

| | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|
| All Contracts | | | | | | | | |
| # Contract | 148 | 739 | 316 | 2,532 | 151 | 773 | 351 | 2,299 |
| Amount ($M) | $218.3 | $447.4 | $152.0 | $829.3 | $282.6 | $365.1 | $122.5 | $778.6 |
| Avg Contract ($M) | $1.47 | $0.61 | $0.48 | $0.33 | $1.87 | $0.47 | $0.35 | $0.34 |
| Primed by M/W/DSBE | | | | | | | | |
| # Contract | 16 | 169 | 33 | 422 | 7 | 166 | 18 | 321 |
| Amount ($M) | $14.5 | $41.3 | $5.0 | $62.5 | $6.1 | $54.8 | $6.2 | $68.3 |
| Avg Contract ($M) | $0.90 | $0.24 | $0.15 | $0.15 | $0.87 | $0.33 | $0.34 | $0.21 |
| Primed by non-M/W/DSBE | | | | | | | | |
| # Contract | 132 | 570 | 283 | 2,110 | 144 | 607 | 333 | 1,978 |
| Amount ($M) | $203.8 | $406.1 | $147.0 | $766.8 | $276.5 | $310.3 | $116.3 | $710.3 |
| Avg Contract ($M) | $1.54 | $0.71 | $0.52 | $0.36 | $1.92 | $0.51 | $0.35 | $0.36 |
| % of # Primed by M/W/DSBE | 10.8% | 22.9% | 10.4% | 16.7% | 4.6% | 21.5% | 5.1% | 14.0% |
| % of $ Primed by M/W/DSBE | 6.6% | 9.2% | 3.3% | 7.5% | 2.2% | 15.0% | 5.0% | 8.8% |
| Avg Contract Size, M/W/DSBE ($M) | $0.90 | $0.24 | $0.15 | $0.15 | $0.87 | $0.33 | $0.34 | $0.35 |
| Avg Contract Size, non-M/W/DSBE ($M) | $1.54 | $0.71 | $0.52 | $0.36 | $1.92 | $0.51 | $0.35 | $0.65 |

*Source: OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

Overall, **16.7 percent of all City contracts were primed by M/W/DSBEs (up from 14.0 percent in FY 2011), representing $829 million of all contracts awarded, an increase of $51 million from FY 2011 at $779 million.** However, the average size of contracts primed by M/W/DSBE decreased from $210,000 to $150,000 between FY 2011 and FY 2012. Therefore, M/W/DSBEs were a prime on a greater share of contracts but their average contract size decreased in FY 2012. (see Figure B.1.10).

[37] "All Contract Types" Includes MPOs and SOPs.

Since this report is to be used in part to set annual Participation Goals, it is useful to depict utilization results at the department level (see Table B.1.11).[38] 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.

**Table B.1.11 – FY 2012 Utilization ("U3") – Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Located within the US, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by City Department (by $ Contracts Awarded)**

| City Department | FY12 Dept Total (in $M) | FY12 M/W/DSBE Total (in $M) | FY12 M/W/DSBE %Utilization Actual | FY11 M/W/DSBE %Utilization Actual | +/- Percentage Point Increase |
|---|---|---|---|---|---|
| Aviation | $130.96 | $32.04 | 24.5% | 20.6% | 3.9% |
| Behavioral Health/Intellectual disAbility Services | $8.94 | $1.52 | 17.0% | 6.0% | 11.1% |
| Board of Ethics | $0.01 | $0.00 | 0.0% | 0.0% | 0.0% |
| City Planning Commission | $0.23 | $0.12 | 52.1% | 32.5% | 19.6% |
| City Representative | $0.08 | $0.08 | 100.0% | 75.1% | 24.9% |
| Civil Service Commission | $0.03 | $0.03 | 100.0% | 100.0% | 0.0% |
| Commerce | $0.09 | $0.03 | 37.9% | 23.5% | 14.3% |
| Division of Technology | $18.62 | $3.46 | 18.6% | 25.1% | -6.5% |
| Finance, Director of | $13.93 | $5.04 | 36.2% | 40.3% | -4.1% |
| FIRE | $9.55 | $1.41 | 14.8% | 13.3% | 1.5% |
| First Judicial District of PA | $0.00 | $0.0 | 0.0% | 0.0% | 0.0% |
| Fleet Management | $5.32 | $0.07 | 1.3% | 35.2% | -33.8% |
| Health, Department of Public | $7.68 | $0.93 | 12.1% | 53.0% | -40.9% |
| Historical Commission | $0.00 | $0.0 | 0.0% | 0.0% | 0.0% |
| Human Services, Department of | $70.80 | $3.78 | 5.3% | 3.3% | 2.0% |
| Labor Relations | $0.00 | $0.0 | 0.0% | 0.0% | 0.0% |
| Law Department | $6.18 | $0.71 | 11.4% | 34.6% | -23.2% |
| Library, Free | $1.96 | $0.39 | 19.8% | 18.2% | 1.6% |
| Licenses and Inspections, Department of (L&I) | $8.32 | $3.76 | 45.2% | 21.3% | 23.9% |
| Managing Director's Office | $36.57 | $0.45 | 1.2% | 29.6% | -28.4% |

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

| City Department | FY12 Dept Total (in $M) | FY12 M/W/DSBE Total (in $M) | FY12 M/W/DSBE %Utilization Actual | FY11 M/W/DSBE %Utilization Actual | +/- Percentage Point Increase |
|---|---|---|---|---|---|
| Mayor's Office | $0.50 | $0.10 | 20.0% | 13.2% | 6.8% |
| Mayor's Office of Community Services | $0.20 | $0.11 | 55.6% | 0.0% | 55.6% |
| Mural Arts Program | $0.00 | $0.0 | 0.0% | 0.0% | 0.0% |
| Office of Emergency Services | $0.00 | $0.0 | 0.0% | 0.0% | 0.0% |
| Office of Housing & Community Development (OHCD) | $0.21 | $0.09 | 40.9% | 28.4% | 12.5% |
| Office of Supportive Housing (OSH) | $4.03 | $1.47 | 36.5% | 20.6% | 15.9% |
| Office of the Inspector General | $0.12 | $0.01 | 11.2% | 0.0% | 11.2% |
| Pensions & Retirement, Board of | $21.08 | $2.81 | 13.3% | 12.2% | 1.1% |
| Personnel | $0.36 | $0.04 | 11.9% | 1.5% | 10.4% |
| Police | $4.09 | $0.42 | 10.3% | 16.0% | -5.7% |
| Prisons | $90.54 | $20.43 | 22.6% | 27.0% | -4.4% |
| Procurement | $0.00 | $0.00 | 0.0% | 0.0% | 0.0% |
| Property, Department of Public | $59.85 | $27.25 | 45.5% | 38.1% | 7.5% |
| Records | $0.64 | $0.30 | 46.1% | 41.5% | 4.6% |
| Parks and Recreation* | $2.98 | $0.64 | 21.4% | 24.4% | -3.0% |
| Revenue | $10.95 | $4.30 | 39.3% | 3.7% | 35.6% |
| Revision of Taxes, Board of** | $0.25 | $0.09 | 33.7% | 0.0% | 33.7% |
| Sinking Fund Commission | $0.03 | $0.03 | 100.0% | 0.0% | 100.0% |
| Streets | $129.71 | $46.44 | 35.8% | 22.1% | 13.7% |
| Treasurer, City | $2.49 | $0.70 | 28.0% | 24.3% | 3.7% |
| Water Department | $113.26 | $24.00 | 21.2% | 24.7% | -3.5% |
| Youth Commission | $0.00 | $0.0 | 0.0% | 0.0% | 0.0% |
| Zoning Code Commission | $0.00 | $0.0 | 0.0% | 27.0% | -27.0% |
| All Departments | $760.54 | $183.04 | 22.1% | 23.7% | -1.6% |
| All with Citywide SSE | $829.25 | $186.41 | 22.5% | 23.3% | -0.8% |

*Source: OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (*2012, 2013*)*

The following departments merit additional discussion:

- The top three of the 43 City departments in terms of FY 2012 – Aviation, Streets, and Water Department – represent $373.9 million in contracts, or nearly 50 percent (49.2 percent) of the dollars spent by City departments. In terms of M/W/DSBE utilization, the following 18 departments had utilization rates above that of all City departments (22.1 percent): Aviation (24.5 percent), City Planning (52.1 percent), City Representative (100 percent), Civil Service Commission (100 percent), Commerce (37.9 percent), Finance

(36.2 percent), Licenses and Inspections (45.2 percent), Mayor's Office of Community Services (55.6 percent), Office of Housing & Community Development (40.9 percent), Office of Supportive Housing (36.5 percent), Prisons (22.6 percent), Public Property (45.5 percent), Records (46.1 percent), Revenue (39.3 percent), Revision of Taxes (33.7 percent), Sinking Fund Commission (100 percent), Streets (35.8 percent), and Treasurer (28 percent).

- Among the City departments with at least $1 million in contracts, Public Property (45.5 percent) and Licenses and Inspections (45.2 percent) had the highest utilization rates. At the other end of the spectrum, Fleet Management (1.3 percent) and Managing Director's Office (1.2 percent) had the lowest utilization rates.

- The City's overall utilization M/W/DSBE rate decreased from 23.7 percent in FY 2011 to 22.1 percent in FY 2012, including all SSE contracts. Five City departments that had at least $1 million in contracts had double-digit percentage increases in M/W/DSBE utilization rates from FY 2011 to FY 2012 and FY 2012 utilization rates above the utilization for all City departments: Department of Streets (from 22.1 percent to 35.8 percent in FY 2012), Revenue (3.7 percent to 39.8 percent in FY 2012), Office of Supportive Housing (20.6 percent to 36.5 percent in FY 2012), Licenses and Inspections (from 21.3 percent to 45.2 percent in FY 2012), Behavioral Health/ Intellectual disability Services (from 6.0 percent to 17.1 percent in FY 2012).

- In contrast, four City departments that had at least $1 million in contracts had double-digit percentage decreases in M/W/DSBE utilizations and FY 2012 utilization rates below the utilization for all City departments: Fleet Management (from 35.2 percent to 1.3 percent in FY 2012), Department of Public Health (from 53.0 percent to 12.1 percent in FY 2012), Law Department (from 34.6 percent to 11.4 percent in FY 2012), the Managing Director's Office (from 29.6 percent to 1.2 percent in FY 2012). In 2011, seven departments were categorized this way. The four departments all had significant increases from FY 2010 to FY 2011 (see Table G.5), so the declines from FY 2011 to FY 2012 reflect unusual and non-recurring purchases in FY 2011 that had high M/W/DSBE participation levels.

- Looking across all departments, regardless of total contracts awarded, departments with at least a 100 percent increase in utilization in FY 2012 include Behavioral Health/Intellectual disAbility Services, Licenses and Inspections Department, Board of Pensions & Retirement, and the Department of Revenue.

- Finally, we must note that the above utilization tables do not account for contracts awarded to firms owned by minorities or women that are not OEO-registered. In some cases, individual departments keep lists of "certifiable" firms; those they know to be

owned by minorities or women, regardless of whether or not they are OEO-registered.[39] Furthermore, OEO currently allows for self-certification of sole proprietorships. This notion of "certifiables," then, 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 and woman-owned; whether or not such firms have been registered by OEO is simply a compliance issue, albeit an important one.[40]

OEO's policy, implemented in the midst of FY 2010, to accept certifications from other certifying bodies has increased the number of minority- and women-owned 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 or woman-owned firms that are not OEO-registered but participate in City contracts, whose participation will continue to not be counted.

[39]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."

[40] 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.

## B.2 AVAILABILITY

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

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

| Method | Description | Data Source(s) |
|---|---|---|
| "A1" | # Minority-, Women-, and Disabled-Owned Firms Located within the City of Philadelphia÷ # All Firms Located within the City of Philadelphia, by Contract Type | 2007 US Census Survey of Business Owners, FY 2012 OEO Participation Report |
| "A2" | # Minority-, Women-, and Disabled-Owned Firms w/ >1 Employee Located within the City of Philadelphia ÷ # All Firms w/ >1 Employee Located within the City of Philadelphia, by Contract Type | 2007 US Census Survey of Business Owners, FY 2012 OEO Participation Report |
| "A3" | $ Revenue of Minority-, Women-, and Disabled-Owned Firms Located within the City of Philadelphia ÷$ Revenue of All Firms Located within the City of Philadelphia, by Contract Type | 2007 US Census Survey of Business Owners, FY 2012 OEO Participation Report |
| "A4" | $ Revenue of Minority-, Women-, and Disabled-Owned Firms > 1 Employee Located within the City of Philadelphia ÷ $ Revenue of All Firms > 1 Employee Located within the City of Philadelphia, by Contract Type | 2007 US Census Survey of Business Owners, FY 2012 OEO Participation Report |
| "A5" | # Minority-, Women-, and Disabled-Owned Firms Located within the Philadelphia MSA ÷ # All Firms Located within the Philadelphia MSA, by Contract Type | 2007 US Census Survey of Business Owners, FY 2012 OEO Participation Report |
| "A6" ** | # Minority-, Women-, and Disabled-Owned Firms w/ >1 Employee Located within the Philadelphia MSA ÷ # All Firms w/ >1 Employee Located within the Philadelphia MSA, by Contract Type | 2007 US Census Survey of Business Owners, FY 2012 OEO Participation Report |
| "A7" | $ Revenue of Minority-, Women-, and Disabled-Owned Firms Located within the Philadelphia MSA ÷$ Revenue of All Firms Located within the Philadelphia MSA, by Contract Type | 2007 US Census Survey of Business Owners, FY 2012 OEO Participation Report |

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

*Source: Econsult Solutions (2013)*

In any given contract category, the number of M/W/DSBEs in the Philadelphia MSA are divided by the number of all firms in the City of Philadelphia and the Philadelphia MSA. For such an approach, we utilized the 2007 US Census Survey of Business Owners.

This data set includes counts by industry, enabling us to select only firms in those industries that represent functions in which the City can contract work, and thus excluding firms - both M/W/DSBE and non-M/W/DSBE - in non-relevant industries. Based on the broad approach and using US Census survey data, we can further delineate between the number of firms, the number of firms with paid employees, the aggregate annual revenues of firms, and the aggregate annual revenues of firms with paid employees. These represent four approaches to determining the appropriate availability of M/W/DSBEs, and together help better clarify that availability rate.[41]

Because we have considered multiple approaches to determining availability rate, we consider these four approaches A5-A8:[42]

- "A5" - # M/W/DSBEs Divided By # All Firms in Philadelphia MSA, Based on SBA/Census Survey of Business Owners

[41] 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.

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

- "A6" - # M/W/DSBEs > 1 Employee Divided by # All Firms > 1 Employee in Philadelphia MSA, Based on SBA/Census Survey of Business Owners (* this method is weighted more heavily in determining Participation Goals)

- "A7" - $ Revenue of M/W/DSBEs Divided by $ Revenue of All Firms in Philadelphia MSA, Based on SBA/Census Survey of Business Owners

- "A8" - $ Revenue of M/W/DSBEs > 1 Employee Divided by $ Revenue of All Firms > 1 Employee in Philadelphia MSA, Based on SBA/Census Survey of Business Owners

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

- "A9" - # OEO-Registered M/W/DSBEs Divided by # All Firms on City of Philadelphia Procurement Department Vendor List

- "A10" - # MBE/WBEs on City of Philadelphia Procurement Department Vendor List Divided by # All Firms on City of Philadelphia Procurement Department Vendor List

Of the availability approaches that use the Philadelphia MSA as the unit of geography, we believe "A6" (# Minority-, Women-, and Disabled-Owned Firms w/ >1 Employee Located within the Philadelphia MSA ÷ # All Firms w/ >1 Employee Located within the Philadelphia MSA, by Contract Type) is the one that most effectively balances "broad" and "narrow" considerations. It accounts for a more inclusive universe of RWA firms – both M/W/DSBE and non-M/W/DSBE – but excludes the vast majority of firms in the MSA that have one or fewer employees, which would otherwise grossly overstate both M/W/DSBE and non-M/W/DSBE counts. It also uses a data set that includes industry-by-industry breakouts, which allows us to select only those firms - M/W/DSBE and non-M/W/DSBE - that represent functions in which the City of Philadelphia can contract work. It is not perfect – "ready," "willing," and "able" are too conceptual and subjective to be directly translatable into a data set – but it is the best of the lot, in terms of balancing "broad" and "narrow" objections as well as in terms of capturing the appropriate geography and industry composition.

Similar to the FY 2011 methodology for calculating availability in which two-digit NAICS codes were determined for each contract type and then information from the SBO was summed to determine availability by contract type, the approach for the FY 2012 Disparity Study weights

A1-A8 data according to the distribution of FY 2012 spending by industry, per the FY 2012 Participation Report (see Table B.2.2).[43]

**Table B.2.2 – FY 2012 Availability ("A3") # M/W/DSBE 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 2012 | | | | FY 2011 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | PW | PPS | SSE | All Contract Types | PW | PPS | SSE | All Contract Types |
| White | Female | * | * | * | * | * | * | * | * |
| Native American | Male & Female | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Asian American | Male & Female | 0.4% | 4.4% | 2.5% | 3.0% | 0.4% | 4.3% | 1.9% | 2.5% |
| African American | Male & Female | 1.0% | 1.8% | 1.0% | 1.4% | 1.0% | 1.8% | 1.2% | 1.4% |
| Hispanic | Male & Female | 0.1% | 0.5% | 0.4% | 0.4% | 0.1% | 0.5% | 0.5% | 0.3% |
| All MBE | Male & Female | 2.9% | 8.8% | 4.8% | 6.5% | 2.9% | 8.6% | 4.5% | 5.9% |
| All | Female | 8.5% | 18.0% | 11.4% | 14.2% | 8.5% | 17.7% | 11.1% | 13.3% |
| Disabled | Male & Female | * | * | * | * | * | * | * | * |
| All M/W/DSBE | Male & Female | 11.4% | 26.7% | 16.1% | 20.7% | 11.4% | 26.3% | 15.6% | 19.1% |

*Source: 2007 US Census Survey of Business Owners (2012), Econsult Solutions (2012, 2013)*
*Note: "*" denotes data unavailable or insufficient.*

In terms of the characteristics of the Philadelphia MSA as they pertain to M/W/DSBE availability in FY 2011 (based on 2007 data and FY 2011 spending) and FY 2012 (based on 2007 data and FY 2012 spending), we note the following points:

- MBE availability increased from 5.9 percent in 2011 to 6.5 percent in 2012. WBE availability increased from 13.3 percent in 2011 to 14.2 percent in 2012.
- M/W/DSBE availability for PW contracts remained constant at 11.4 percent in 2011 and 2012. M/W/DSBE availability for PPS contracts increased from 26.3 percent in 2011 to

[43] See Appendix H for additional detail on M/W/DSBE availability.

26.7 percent in 2012. M/W/DSBE availability for SSE contracts increased from 15.6 percent in 2011 to 16.1 percent in 2012.

- Availability by M/WDSBE category remained nearly unchanged except for Asian American firms whose availability increased from 2.5 percent in 2011 to 3.0 percent in 2012. The gain was primarily in the SSE category where Asian American availability Asian increased from 1.9 percent in 2011 to 2.5 percent in 2012.

It is important to clarify the cause of these changes in availability. The change from FY 2011 to FY 2012 reflects not a change in availability at the individual product or service level, but rather a change in the composition of products and services procured by the City. The data source from which availability is estimated remains the 2007 SBO, and was used in both the FY 2011 and FY 2012 Disparity Studies. However, those data are weighted differently between FY 2011 and FY 2012, reflecting differences in the composition of the City's spending that was analyzed in each report. Therefore, declines in availability do not suggest that M/W/DSBE availability is lower at the individual product or service level; rather, they suggest that the City's spending shifted slightly into categories in which there is lower M/W/DSBE availability.[44]

## B.3 DISPARITY

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

1. Under-utilization of M/W/DSBEs in particular contract category, commensurate to M/W/DSBE availability (unusually low utilization rate divided by normal availability rate = disparity ratio of less than 1.0).

2. Relatively low availability of M/W/DSBEs in a particular contract category (normal utilization rate divided by unusually low availability rate = disparity ratio of greater than 1.0).

Again, this qualification applies only to situations in which availability rates are unusually low. Of course, where availability rates are relatively reasonable, a disparity ratio of over 1.0 is a very positive outcome, as it means that the M/W/DSBE utilization rate exceeds the M/W/DSBE availability rate. Furthermore, even in cases in which availability rates are unusually low, leading to somewhat misleadingly high disparity ratios, this is still a very positive outcome in

[44] See Appendix H for more detail on how categories were weighted, and where there were differences between FY 2011 spending and FY 2012 spending.

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[45]:

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

[45] "U2" can also be divided by" A2," "A4," "A5," "A6," and "A7," to determine disparity ratios in additional ways, which we call "D2," "D4," "D5," "D6," and "D7." See Appendix I for additional detail on M/W/DSBE disparity.

**Table B.3.1 – FY 2012 Disparity Ratio ("D1") = Utilization ("U1") Divided by Availability ("A1"), by Contract Type and by M/W/DSBE Category (M/W/DBSE located within the City of Philadelphia)**

| Ethnicity | Gender | PW | PPS | SSE | All Contract Types (FY 2012) | All Contract Types (FY 2011) |
|---|---|---|---|---|---|---|
| White | Female | * | * | * | * | * |
| Native American | Male & Female | 0.00 | 0.00 | 0.00 | 0.35 | 0.00 |
| Asian American | Male & Female | 0.16 | 0.02 | 0.00 | 0.05 | 0.01 |
| African American | Male & Female | 0.08 | 1.32 | 0.07 | 0.69 | 0.63 |
| Hispanic | Male & Female | 0.00 | 1.03 | 0.32 | 2.21 | 1.16 |
| All MBE | Male & Female | 0.32 | 0.73 | 0.07 | 0.47 | 0.38 |
| All | Female | 0.15 | 0.12 | 0.41 | 0.18 | * |
| Disabled | Male & Female | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| All M/W/DSBE | Male & Female | 0.26 | 0.32 | 0.24 | 0.29 | 0.25 |

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

*Note: "*" denotes data unavailable or insufficient.*

**Table B.3.2 – FY 2012 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)**

| Ethnicity | Gender | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 2012 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 2011 All Contract Types |
|---|---|---|---|---|---|---|---|---|---|
| White | Female | * | * | * | * | * | * | * | * |
| Native American | Male & Female | 0.00 | 0.00 | 0.00 | 1.34 | * | 0.00 | 0.00 | 0.00 |
| Asian American | Male & Female | 0.00 | 0.24 | 0.01 | 0.27 | 0.00 | 0.43 | 0.01 | 0.40 |
| African American | Male & Female | 2.81 | 5.47 | 0.41 | 4.28 | 2.83 | 6.15 | 0.12 | 4.48 |
| Hispanic | Male & Female | 87.26 | 3.16 | 1.02 | 6.80 | 41.64 | 2.45 | 0.55 | 5.07 |
| All MBE | Male & Female | 3.31 | 1.43 | 0.28 | 1.48 | 2.07 | 1.63 | 0.13 | 1.53 |
| All | Female | 0.78 | 0.26 | 0.62 | 0.40 | 0.90 | 0.28 | 0.44 | 0.45 |
| Disabled | Male & Female | * | * | * | * | * | * | * | * |
| All M/W/DSBE | Male & Female | 1.38 | 0.56 | 0.52 | 0.67 | 1.16 | 0.61 | 0.34 | 0.70 |

*Source: Econsult Solutions (2012, 2013); Utilization = OEO Participation Report (FY 2011, FY 2012); Availability = US Census Survey of Business Owners (2007)*
*Note: "*" denotes data unavailable or insufficient.*

The disparity ratios that were calculated based on the utilization and availability data sources that look at utilization and availability within the City (see Table B.3.1) demonstrate under-utilization across the board[46]:

- Asian Americans located within the City represented 4.8 percent of all firms located within the City but received few City contracts (City utilization of 0.2 percent), for a disparity ratio of 0.05.

- Female firms located within the City represented 14.3 percent of all firms located within the City and received 2.7 percent of all City contracts for a disparity ratio of 0.18.

[46] Again, these disparity ratios assume that availability as calculated as the number of all M/W/DSBEs to all firms is a reasonable proxy for the proportion of RWA M/W/DSBEs to all RWA firms. As discussed above, since the vast majority of firms are very small, this may not be the most accurate proxy for true M/W/DSBE availability.

- African Americans located within the City represented 7.2 percent of all firms located within the City but received only 5 percent of City contracts, for a disparity ratio of 0.69.

- Hispanics located within the City represented 0.8 percent of all firms located within the City and received 1.7 percent of City contracts, for a disparity ratio of 2.12.

- MBEs located within the City represented 14.8 percent of all firms located within the City but received only 7 percent of City contracts, for a disparity ratio of 0.47.

- All M/W/DSBEs located within the City represented 30.3 percent of all firms located within the City but received only 8.8 percent of City contracts, for a disparity ratio of 0.29. This was an improvement from the FY 2011 disparity ratio for all M/W/DSBEs, yet still suggests these firms are underutilized in City procurement.

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

- Asian Americans located within the Philadelphia MSA represented 3.0 percent of all MSA firms, but were utilized for only .8 percent of City contracts, for a disparity ratio of 0.27.

- African Americans located within the Philadelphia MSA represented 1.4 percent of all MSA firms, and were utilized for 6.1 percent of City contracts, for a disparity ratio of 4.28.

- Hispanics located within the Philadelphia MSA represented 0.4 percent of all MSA firms, and were utilized for 2.5 percent of City contracts, for a disparity ratio of 6.80.

- Female firms located within the Philadelphia MSA represented 14.2 percent of all MSA firms, and were utilized for 5.6 percent of City contracts, for a disparity ratio of 0.40.

- There is overall M/W/DSBE under-utilization, with a disparity ratio of 0.67 for FY 2012; it is below 1.00 for PPS contracts at 0.56 and SSE contracts at 0.52 and above 1.00 for PW contracts at 1.38.

- The overall disparity ratio of all contract types worsened slightly by 0.03 from FY 2011 (0.70) to FY 2012 (0.67). Disparity ratios for African Americans and Hispanics in PW and PPS contracts indicate over-utilization in these contract areas.

## B.4 DISPARITY – FEW OR NO EXCLUDED

In some NAICS codes there are few or no M/W/DSBEs available to participate on City contracts. There are also some contracts, particularly court mandated contracts, which the City has no control over and for which there are few or no M/W/DSBEs available for participation, or there is no opportunity for M/W/DSBEs to participate. The following set of tables considers the impact of excluding those City contracts from the overall analysis. It should be noted that these tables present the most optimistic scenario where utilization and availability are maximized. However, keep in mind they do not capture all of the dollars the City spends for which M/W/DSBEs could potentially participate. For a list of contract categories where there are "Few or No" opportunities for M/W/DSBEs in FY 2011 and FY 2012, see Appendix J.

Included among the $829 million in contracts analyzed in this report are 60 contracts totaling $162.5 million for which there are few or no M/W/DSBEs available to participate (see Table B.4.1). Should these contracts be excluded from the analysis, the utilization of M/W/DSBEs would be 28.0 percent rather than 22.5 percent, and the utilization of M/W/DSBEs within the Philadelphia MSA would be 17.3 percent instead of 13.9 percent (see Table B.4.2 and Table B.4.3), which would yield a disparity ratio of 0.84 (utilization of 17.3 percent vs. availability of 20.7 percent) instead of 0.67 (utilization of 13.9 percent vs. availability of 20.7 percent) (see Table B.4.4).

**Table B.4.1 – FY 2012 Contracts with Few or No Opportunity, as Determined by Office of Economic Opportunity[47]**

| | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|
| # | 0 | 34 | 26 | 60 | 0 | 20 | 4 | 24 |
| $M | $0 | $107.9 | $54.7 | $162.5 | $0 | $91.9 | $1.2 | $93.1 |

*Source: OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

[47] See Appendix J for a full list of FY 2012 contracts with few or no opportunity for M/W/DSBE participation.

**Table B.4.2 – FY 2012 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, Less Contracts with Few or No Opportunity, by Contract Type and M/W/DSBE Type (by $ Contracts Awarded)**

| M/W/DSBE Category | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|
| White Female | 7.5% | 6.4% | 13.7% | 7.9% | 10.5% | 7.3% | 6.9% | 9.1% |
| Native American | 0.2% | 0.0% | 0.1% | 0.1% | 0.7% | 0.0% | 0.0% | 0.3% |
| Asian American | 1.5% | 2.7% | 0.2% | 1.9% | 1.3% | 6.3% | 0.1% | 3.1% |
| African American | 4.5% | 18.4% | 18.7% | 13.7% | 4.0% | 19.3% | 10.0% | 11.4% |
| Hispanic | 7.5% | 2.3% | 3.4% | 4.1% | 3.3% | 1.8% | 2.0% | 2.5% |
| All MBE | 13.6% | 23.8% | 23.0% | 20.1% | 9.3% | 27.7% | 12.2% | 17.3% |
| All WBE | 8.7% | 11.1% | 13.9% | 10.7% | 12.1% | 13.3% | 7.1% | 12.3% |
| Disabled | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| All M/W/DSBE | 21.2% | 31.0% | 35.8% | 28.0% | 19.8% | 35.0% | 19.1% | 26.4% |

*Source: OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

**Table B.4.3 – FY 2012 Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Divided by Utilization of For-Profit Prime Contractors and Sub-Contractors, Less Contracts with Few or No Opportunity, by Contract Type and Location of M/W/DSBE (by $ Contracts Awarded)**

| Location of M/W/DSBE | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|
| City | 6.5% | 13.6% | 11.7% | 10.9% | 2.2% | 16.0% | 5.2% | 8.3% |
| In Metro but Outside City | 9.3% | 6.0% | 1.3% | 6.4% | 11.1% | 5.4% | 0.2% | 6.9% |
| Metro | 15.8% | 19.6% | 13.0% | 17.3% | 13.3% | 21.4% | 5.4% | 15.2% |
| In US but Outside Metro | 5.3% | 10.6% | 23.7% | 10.7% | 6.5% | 13.6% | 13.7% | 11.2% |
| US | 21.2% | 31.0% | 35.8% | 28.0% | 19.8% | 35.0% | 19.1% | 26.4% |
| Non-M/W/DSBEs | 78.8% | 69.0% | 64.2% | 72.0% | 80.2% | 65.0% | 81.0% | 73.6% |

*Source: OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

**Table B.4.4 – FY 2012 Disparity Ratio = Utilization of For-Profit M/W/DSBE Contractors Located in the Philadelphia MSA in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), Less Contracts with Few or No Opportunity, Divided by Availability of Ready, Willing, and Able M/W/DSBE Firms in Philadelphia MSA**

| Ethnicity | Gender | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|---|
| All M/W/DSBE | Male & Female | 1.39 | 0.73 | 0.81 | 0.84 | 1.16 | 0.81 | 0.35 | 0.80 |

*Source: US Census Bureau Survey of Business Owners (2007), OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*

*Note: "*" denotes data unavailable or insufficient.*

## APPENDIX C: PARTICIPATION GOALS

In this section, we offer recommended Annual Participation Goals for Fiscal Year (FY) 2012 and beyond to the City of Philadelphia's Office of Economic Opportunity (OEO) for future Minority Business Enterprise (MBE), Women Business Enterprise (WBE), and Disabled Business Enterprise (DSBE) (collectively known as M/W/DSBE) utilization, based on FY 2012 M/W/DSBE utilization and availability. This is an important component of what should be an overall strategy to safeguard the public interest in identifying and rectifying instances of discrimination, and proactively seeking ways to promote the inclusive participation of M/W/DSBEs in economic opportunities.

We base our recommended participation goals on a comparison of current utilization rates (see Table C.1 ("U1"), Table C.2 ("U2"), and Table C.3 ("U3")) and availability rates (see Table C.4 ("A2") and Table C.5 ("A6")). For some M/W/DSBE categories and some contract types, current utilization rates are lower than current availability rates (i.e. the disparity ratio is less than 1.0), while for other M/W/DSBE categories and contract types, current utilization rates are higher than current availability rates (i.e. the disparity ratio is greater than 1.0) (see Table C.6 ("D2") and Table C.7 ("D6")).[48]

**Table C.1 – FY 2012 Utilization ("U1") – Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Located within the City of Philadelphia, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type (by $ Contracts Awarded)**

| | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|
| MBE | 5.4% | 9.7% | 1.1% | 7.0% | 1.1% | 10.9% | 0.5% | 5.7% |
| WBE | 1.1% | 2.3% | 6.4% | 2.7% | 1.1% | 3.9% | 4.8% | 3.0% |
| DSBE | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| All M/W/DSBE | 6.5% | 10.3% | 7.5% | 8.8% | 2.2% | 12.0% | 5.1% | 7.3% |

*Source: OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*
*Note: Figures in the bottom row are not necessarily the sum of the above rows, because businesses can belong to more than one M/W/DSBE category.*

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

**Table C.2 – FY 2012 Utilization ("U2") – Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Located within the Philadelphia Metropolitan Statistical Area (MSA), Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type (by $ Contracts Awarded)**

| | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|
| MBE | 9.6% | 12.5% | 1.3% | 9.6% | 6.0% | 14.1% | 0.6% | 9.0% |
| WBE | 6.7% | 4.6% | 7.1% | 5.6% | 7.7% | 4.9% | 4.9% | 6.0% |
| DSBE | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| All M/W/DSBE | 15.8% | 14.9% | 8.3% | 13.9% | 13.3% | 16.0% | 5.3% | 13.4% |

*Source: OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*
*Note: Figures in the bottom row are not necessarily the sum of the above rows, because businesses can belong to more than one M/W/DSBE category.*

**Table C.3 – FY 2012 Utilization ("U3") – Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Located within the US, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type (by $ Contracts Awarded)**

| | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 11 All Contract Types |
|---|---|---|---|---|---|---|---|---|
| MBE | 13.6% | 18.1% | 14.7% | 16.2% | 9.3% | 20.7% | 12.1% | 15.3% |
| WBE | 8.7% | 8.5% | 8.9% | 8.6% | 12.1% | 10.0% | 7.0% | 10.8% |
| DSBE | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| All M/W/DSBE | 21.2% | 22.9% | 23.5% | 22.5% | 19.8% | 26.2% | 18.9% | 23.3% |

*Source: OEO Annual Participation Report (FY 2011, FY 2012), Econsult Solutions (2012, 2013)*
*Note: Figures in the bottom row are not necessarily the sum of the above rows, because businesses can belong to more than one M/W/DSBE category.*

**Table C.4 – FY 2012 Availability ("A2") – # M/W/DSBEs Located within the City of Philadelphia, Divided by # Firms Located within the City of Philadelphia, by Contract Type**

| Category | | FY 2012 | | | | FY 2011 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | PW | PPS | SSE | All Contract Types | PW | PPS | SSE | All Contract Types |
| All MBE | Male & Female | 17.2% | 13.4% | 15.6% | 14.8% | 17.2% | 13.5% | 14.4% | 15.0% |
| All | Female | 7.7% | 19.4% | 15.4% | 15.5% | 7.7% | 18.9% | 15.8% | 14.3% |
| Disabled | Male & Female | * | * | * | * | * | * | * | * |
| All M/W/DSBE | Male & Female | 24.9% | 32.8% | 31.1% | 30.3% | 24.9% | 32.4% | 30.2% | 29.3% |

*Source: 2007 US Census Bureau Survey of Business Owners (2012), Econsult Solutions (2012, 2013)*
*Note: "*" denotes data unavailable or insufficient.*

**Table C.5 – FY 2012 Availability ("A6") - # M/W/DSBEs > 1 Employee Located within the Philadelphia MSA, Divided by # All Firms > 1 Employee Located within the Philadelphia MSA, by Contract Type**

| Category | | FY 2012 | | | | FY 2011 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | PW | PPS | SSE | All Contract Types | PW | PPS | SSE | All Contract Types |
| All MBE | Male & Female | 2.9% | 8.8% | 4.8% | 6.5% | 2.9% | 8.6% | 4.5% | 5.9% |
| All | Female | 8.5% | 18.0% | 11.4% | 14.2% | 8.5% | 17.7% | 11.1% | 13.3% |
| Disabled | Male & Female | * | * | * | * | * | * | * | * |
| All M/W/DSBE | Male & Female | 11.4% | 26.7% | 16.1% | 20.7% | 11.4% | 26.3% | 15.6% | 19.1% |

*Source: 2007 US Census Survey of Business Owners (2012), Econsult Solutions (2012, 2013)*
*Note: "*" denotes data unavailable or insufficient*

**Table C.6 – FY 2012 Disparity Ratio ("D2") = Utilization ("U2") Divided by Availability ("A2"), by Contract Type**

| | Gender | PW | PPS | SSE | FY 2012 All Contract Types | FY 2011 All Contract Types |
|---|---|---|---|---|---|---|
| All MBE | Male & Female | 0.5 | 0.5 | 0.1 | 0.5 | 0.38 |
| All | Female | 0.1 | 0.1 | 0.2 | 0.1 | 0.21 |
| Disabled | Male & Female | * | * | * | * | * |
| All M/W/DSBE | Male & Female | 0.4 | 0.2 | 0.2 | 0.2 | 0.25 |

*Source: Econsult Solutions (2012, 2013); Utilization = FY 2012 OEO Participation Report (2012); Availability = 2007 US Census Survey of Business Owners (2012)*
*Note: "*" denotes data unavailable or insufficient.*

**Table C.7 – FY 2012 Disparity Ratio ("D6") = Utilization ("U2") Divided by Availability ("A6"), by Contract Type**

| | | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 2012 All Contract Types | FY 11 PW | FY 11 PPS | FY 11 SSE | FY 2011 All Contract Types |
|---|---|---|---|---|---|---|---|---|---|
| All MBE | Male & Female | 3.31 | 1.43 | 0.28 | 1.48 | 2.07 | 1.63 | 0.13 | 1.53 |
| All | Female | 0.78 | 0.26 | 0.62 | 0.4 | 0.9 | 0.28 | 0.44 | 0.45 |
| Disabled | Male & Female | * | * | * | * | * | * | * | * |
| All M/W/DSBE | Male & Female | 1.38 | 0.56 | 0.52 | 0.67 | 1.16 | 0.61 | 0.34 | 0.7 |

*Source: Econsult Solutions (2012, 2013); Utilization = OEO Participation Report (FY 2011, FY 2012); Availability = 2007 US Census Survey of Business Owners (2012)*
*Note: "*" denotes data unavailable or insufficient.*

Based on these utilization rates and availability rates for FY 2012, we can set participation goals for future years (see Table C.8).

**Table C.8 – Recommended Citywide Participation Goals for City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type and by M/W/DSBE Category[49]**

| Category | PW | PPS | SSE | All Contract Types |
|---|---|---|---|---|
| White Female | U: 8% | U: 5% | U: 9% | U: 6% |
| Native American | U: 0.2% | U/A: 0% | U: 0.1% | U: 0.1% |
| Asian American | U: 2% | A: 4% | A: 3% | A: 3% |
| African American | U: 5% | U: 14% | U: 12% | U: 11% |
| Hispanic | U: 8% | U: 2% | U: 2% | U: 3% |
| All MBE | U: 14% | U: 18% | U: 15% | U: 16% |
| All WBE | U/A: 9% | A: 18% | A: 11% | A: 14% |
| DSBE | * | * | * | * |
| City-Based M/W/DSBE | U: 7% | U: 10% | U: 8% | U: 9% |
| All M/W/DSBE | U: 21% | A: 27% | U: 24% | S*: 25% |

*Source: Econsult Solutions (2012, 2013)*
*** Stretch Goal is Higher Than Both Utilization (23.3%) and Availability (19.1%) for FY 2012*
*Note: "*" denotes data unavailable or insufficient.*

In cases where actual utilization is less than actual availability (i.e. the disparity ratio is less than 1.0, which represents under-utilization), we tend to recommend that future utilization rates increase to current availability rates as measured in this analysis. We further suggest that departments that have under-achieved in this area be strongly encouraged to understand what measures may be utilized to increase their M/W/DSBE participation in the upcoming year (see Table B.1.11).

Conversely, in cases where actual utilization is greater than actual availability (i.e. the disparity ratio is greater than 1.0, which represents over-utilization), we tend to recommend that future utilization rates hold at current utilization rates. We further suggest that, since the issue in these cases is not low utilization rates but low availability rates, the City works with other public and private technical assistance providers to help increase the amount of "ready, willing, and able" (RWA) M/W/DSBEs, a recommendation that is further elaborated in the next section.
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

[49] Prefix of "U" = 2012 Utilization Rate > 2012 Availability Rate (i.e. disparity ratio > 1.0).

Prefix of "U/A" = 2012 Utilization Rate = 2012 Availability Rate (i.e. disparity ratio = 1.0).

Prefix of "A" = 2012 Availability Rate > 2012 Utilization Rate (i.e. disparity ratio < 1.0).

Prefix of "S" = Goal > 2012 Utilization Rate and 2012 Availability Rate.

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 2012 utilization and FY 2012 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.[50]

For recommended citywide participation goals based on FY 2012 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 2012 availability was 20.7 percent, and FY 2012 utilization was 23.3 percent. Given that the structural improvements the City has put in place to increase M/W/DSBE participation are starting to yield results, and given the fact that recent Annual Disparity Studies have set this overall goal at at least 25 percent, we recommend a "stretch" goal of 25 percent. Bear in mind, also, that FY 2012 availability at the City of Philadelphia level was 30.3 percent (vs. 20.7 percent at Philadelphia MSA level). While we weighed MSA-level data more heavily than City-level data, the higher availability estimate for the City-level data suggests that availability may be higher than the estimated 20.7 percent.

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 – appear to be paying dividends in improving the City's utilization of M/W/DSBEs and in strengthening the overall capacity of M/W/DSBEs. Accordingly, we encourage the City to see our recommended Annual Participation Goals as levels that it should reach and eventually exceed over a multi-year period, reaching **M/W/DSBE utilization of at least 25 percent by FY 2013** (see Table C.9 and Table C.10).

[50] 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.

**Table C.9 – Actual and Recommended Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Located within the US, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities) (by $ Contracts Awarded)[51][52]**

| | Actual[53] | | | | | | | Recommended | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FY 06 | FY 07 | FY 08 | FY 09 | FY 10 | FY 11 | FY 12 | FY 13 | FY 14 | FY 15 |
| All M/W/DSBE | 23.6% | 22.3% | 19.2% | 19.0% | 20.8% | 23.3% | 22.5% | 25.0% | 25.0% | 25.0% |
| MBE | 17.7% | 15.7% | 14.8% | 14.1% | 14.9% | 15.3% | 16.2% | 16.0% | 16.0% | 16.0% |
| WBE | 9.9% | 10.8% | 7.6% | 8.6% | 8.9% | 10.8% | 8.6% | 10.0% | 12.0% | 14.0% |

*Source: OEO Annual Participation Report (FY 2006, FY 2007, FY 2008, FY 2009, FY 2011, FY 2012), Econsult Solutions (2007, 2008, 2009, 2010, 2011, 2012, 2013)*

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

[52] The MBE and WBE goals add up to more than the overall goal because it is assumed that some M/W/DSBE participation will come from businesses that are both MBE and WBE.

[53] 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 C.10 – Actual and Recommended Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Located within the US, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities) (by $ Contracts Awarded)[54][55]**

| | Actual[56] | | | | | | | Recommended | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FY 06 | FY 07 | FY 08 | FY 09 | FY 10 | FY 11 | FY 12 | FY 13 | FY 14 | FY 15 |
| PW | 19.6% | 16.5% | 15.1% | 12.1% | 21.9% | 19.8% | 21.2% | 21.0% | 21.0% | 21.0% |
| PPS | 25.8% | 27.5% | 22.7% | 22.9% | 15.2% | 26.2% | 22.9% | 23.0% | 25.0% | 27.0% |
| SSE | 22.2% | 17.1% | 18.6% | 12.8% | 30.4% | 18.9% | 23.5% | 24.0% | 24.0% | 24.0% |
| All Contract Types | 23.6% | 22.3% | 19.2% | 19.0% | 20.8% | 23.3% | 22.5% | 25.0% | 25.0% | 25.0% |

*Source: OEO Annual Participation Report (FY 2006, FY 2007, FY 2008, FY 2009, FY 2011, FY 2012), Econsult Solutions (2007, 2008, 2009, 2010, 2011, 2012, 2013)*

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

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

[55] The PW, PPS, and SSE goals are all less than the overall goal because all three are based on historical utilization or historical availability, whereas the overall goal is a "stretch goal" that exceeds both historical utilization and historical availability. Also, these goals are meant to be minimums; it is not intended for the City to simply reach but also exceed its participation goals in PW, PPS, and SSE contracts, such that its overall participation level reaches or exceeds 25 percent. It is also meant to ensure that the City does not reach its overall participation goal simply by having very high participation in some but not all contract types; rather, it is hoped that the City reaches its overall participation goal and also has relatively high participation in all contract types.

[56] 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.

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 2013 participation goals, and current availability rates still applied (see Table C.11). We would not interpret such ratios above 1.0 as demonstrating "over-utilization" but rather "under-availability."[57]

**Table C.11 – Disparity Ratios if Recommended FY 2015 Participation Goals are Met and FY 2012 Availability Rates Hold Steady, by Contract Type and by M/W/DSBE Category**

| | PW | PPS | SSE | All Contract Types |
|---|---|---|---|---|
| White Female | * | * | * | * |
| Native American | * | * | * | * |
| Asian American | 2.2 | 1.2 | 1.0 | 1.0 |
| African American | 4.1 | 7.9 | 8.5 | 7.2 |
| Hispanic | 43.7 | 1.0 | 4.1 | 6.1 |
| All MBE | 4.84 | 2.05 | 3.15 | 2.48 |
| All WBE | 1.05 | 0.47 | 0.81 | 0.62 |
| DSBE | * | * | * | * |
| City-Based M/W/DSBE | * | * | * | * |
| All M/W/DSBE | 1.84 | 0.85 | 0.98 | 1.21 |

*Source: Econsult Solutions (2012, 2013); Utilization = OEO Annual Participation Report (FY 2011, FY 2012); Availability = US Census Bureau Survey of Business Owners (2002, 2007), US Small Business Administration - Philadelphia District Office (2004)*
*Note: "*" denotes data unavailable or insufficient.*

**In seeking to advocate for utilization rates to be as high as or higher than availability rates, it is equally important to advocate for availability rates to be higher as well.** It is important to note that a disparity ratio is merely one tool for identifying any differences between utilization rates and availability rates. It is certainly a useful measure in cases in which current utilization rates trail current availability rates, and pushing for higher future utilization rates is equivalent to promoting greater M/W/DSBE participation in the economic opportunities represented by City contracts. However, there should be equal attention given to situations when availability is

[57] Again, this qualification applies only to situations in which availability rates are unusually low. Of course, where availability rates are relatively reasonable, a disparity ratio of over 1.0 is a very positive outcome, for it means that M/W/DSBE utilization rates exceed M/W/DSBE availability rates. Furthermore, even in cases in which availability rates are unusually low, leading to somewhat misleading high disparity ratios, this is still a very positive outcome in one sense, as it means that despite the relative lack of ready, willing, and able M/W/DSBEs, City agencies were able to enable M/W/DSBE participation at significant rates.

low, in which case steps can and should be taken to provide technical assistance and organizational support to develop more qualified M/W/DSBEs and thus increase availability rates.

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

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

In order to obtain all the utilization figures used in this report, we used both the "Fourth Quarter FY 2012 Participation Report" and "Listing of OEO-registered M/W/DSBEs" reports provided by the City of Philadelphia's Office of Economic Opportunity (OEO). The former document contains all the contracts that have been awarded to Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs), and Disabled Business Enterprises (DSBEs) (collectively known as M/W/DSBEs) throughout the year and provides the company name, the race and gender of the business owners, as well as the contract amount. The Participation Report is further subdivided by contract type and provides the above-mentioned detail for the Public Works (PW); Supplies, Services and Equipment (SSE); and Personal and Professional Services (PPS) categories.

1. In order to classify each contract on the Participation Report as belonging to one of the three geographical categories identified by OEO, namely "City", "MSA", and "All", we first identified the component parts of the Philadelphia Metropolitan Statistical Area (MSA)[58] as defined by the Office of Management and Budget and listed on the US Census Bureau site at http://www.census.gov/population/estimates/MSA-city/0312msa.txt. The counties included in the MSA are:

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

[58] 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.

- New Castle County, DE
- Cecil County, MD

2. In order to identify the vendors falling under each location category, we obtained a zip code database list through www.zip-codes.com. This database provides all the towns and zip codes of every county in the MSA territory.

3. By using an Excel "lookup" function, we were able to link the two documents listed above and to automatically assign a category, such as "City" or "MSA", to each vendor by comparing the vendor's actual zip code as provided in the "Listing of OEO-registered M/W/DSBEs" spreadsheet to the database we had compiled.

4. The vendors registered outside of either the "City" or "MSA" categories were counted under the third category, "All".

5. Although this was not the case for the FY 2012 data, if any of the vendors on the list of OEO-registered M/W/DSBEs did not have zip code information, we would perform additional research via the Internet, as well as through OEO's website, in order to establish their location and thus classify them correctly.

6. After flagging each vendor as either "City" or "MSA" we separated all contract awards by the gender or ethnicity of the firm's owner in order to obtain the total contract amounts applicable to each category in the Utilization table.

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

8. In order to present the data in the format required by OEO, and in order to ease comparison with previously conducted disparity studies, we consolidated the data from the Participation Report into the following five categories according to the contract type:

    a. Public Works (PW)

    b. Personal and Professional Services (PPS)

    c. Supplies, Services, and Equipment (SSE)

    d. Miscellaneous Purchase Orders (MPO)

    e. Small Order Purchases (SOP)

## D.2 AVAILABILITY

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

The majority of the availability data used in our study come from the SBO, which is conducted by the US Census Bureau every five years and which, since 2002, is a consolidation of two former studies, the Survey of Minority- and Women-Owned Business Enterprises (SMOBE/SWOBE). SBO data reports provide information on US businesses by geographic location, by the gender and ethnic origin or race of business owners, by the 2-digit industry classification code according to the North American Industry Classification System (NAICS), and by size of the firms in terms of total employment and revenues.

This report uses data from the 2007 SBO. SBO data are available for the City of Philadelphia and the Philadelphia MSA from 2007 (the most recent year available) through the Company Statistics Division of the US Census Bureau at http://www.census.gov/csd/sbo/index.html and through the American FactFinder website of the U.S. Census Bureau, available at:

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

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

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

   > http://factfinder.census.gov/home/saff/main.html?_lang=en *and clicking on the "Get Data" link under "Economic Census."*

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

3. The page that opens up has three tabs that allow for data to be searched by sector, keyword, or geography. Click on the third tab, "filter by geography/industry/data item".

4. Click on the box that says "Geographic Area" and select "Metropolitan Statistical Area/Micropolitan Statistical Area" from the dropdown menu under "geographic type". Once the list of options appears, scroll down and select "Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA Area" and click OK on the right. The datasets available

for the Philadelphia Metropolitan Statistical Area (MSA) will appear in the window below.[59]

5. Select the dataset U.S. Firms by Geographic Area, Industry, Gender, Ethnicity, and Race: 2007. This is a summary view of the rest of the reports listed. It provides the following data:

   - Total number of employer and non-employer firms in the MSA and their total receipts for all industry sectors and for all gender and ethnic categories, including majority-owned firms;

   - Total number of employer and non-employer firms and their total receipts in the MSA by ethnic category (Hispanic or Latino; Black or African American; American Indian and Alaska Native; Asian American; Native Hawaiian or Other Pacific Islander) *in all industry sectors*;

   - Total number of employer and non-employer firms and their total receipts in the MSA by the above-listed ethnic categories *in each industry sector*.

   - The SBO does not collect data on DSBEs.

6. For various reasons, the Census reports do not provide data for all the categories and subcategories. There are two major data error classifications:

   a. **"D** - Withheld to avoid disclosing data for individual companies; data are included in higher level totals"

   b. **"S** - Withheld because estimate did not meet publication standards"

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

### D.2.2 Procurement Department Vendor List (Used for Availability "A9" and "A10")

Another way that we chose to study the availability of firms in the Philadelphia MSA was to look at all the firms that have registered with the City's Procurement Department and whose physical address was within the Metropolitan area. This approach must be tempered by the fact that this list is for firms for PW and SSE contracts, and not for PPS contracts.

[59] "Philadelphia County" can also be selected, yielding data for the City of Philadelphia by itself.

1. The list of companies registered to do business with the City of Philadelphia, provided by the Procurement Department, included 4,356 firms.

2. Since we only needed the total number of firms in the Philadelphia MSA and not those whose physical location was outside of it, we used a zip code database, obtained from www.zip-codes.com, in order to flag in an Excel spreadsheet all vendors as either belonging to the "MSA" category or not. By compiling a database of all zip codes of the counties included in MSA and by comparing each vendor zip code against that database, we were able to determine the count and breakdown all vendors on the Procurement Department list by the minority- or women-owned business category. We found out that there were no disabled-owned businesses in the Philadelphia MSA in the Public Works or Services, Supplies, and Equipment categories.

3. From those identified as falling under the "MSA" location category, we further pulled out only those vendors whose contracts awarded pertained either to the Public Works or to the Services, Supplies and Equipment categories. We were informed by OEO, as well as by the Procurement Department, that Personal and Professional Services contracts are performed through the e-contracts system of the City of Philadelphia and therefore not all PPS vendors are included in the Procurement Department's Vendor List.

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

5. By using these data, there were two different ways of approaching the disparity ratio: either by comparing the total number of M/W/DSBEs registered with OEO (from OEO's Race Detail Report) to the total number of firms registered with the Procurement Department, or by comparing the total number of M/W/DSBEs to the total number of firms registered with the Procurement Department, i.e. comparing a subset to the total within the same data pool. We have provided both variations.

## APPENDIX E: DISPARITY STUDY DATASET AND RELATED FILES

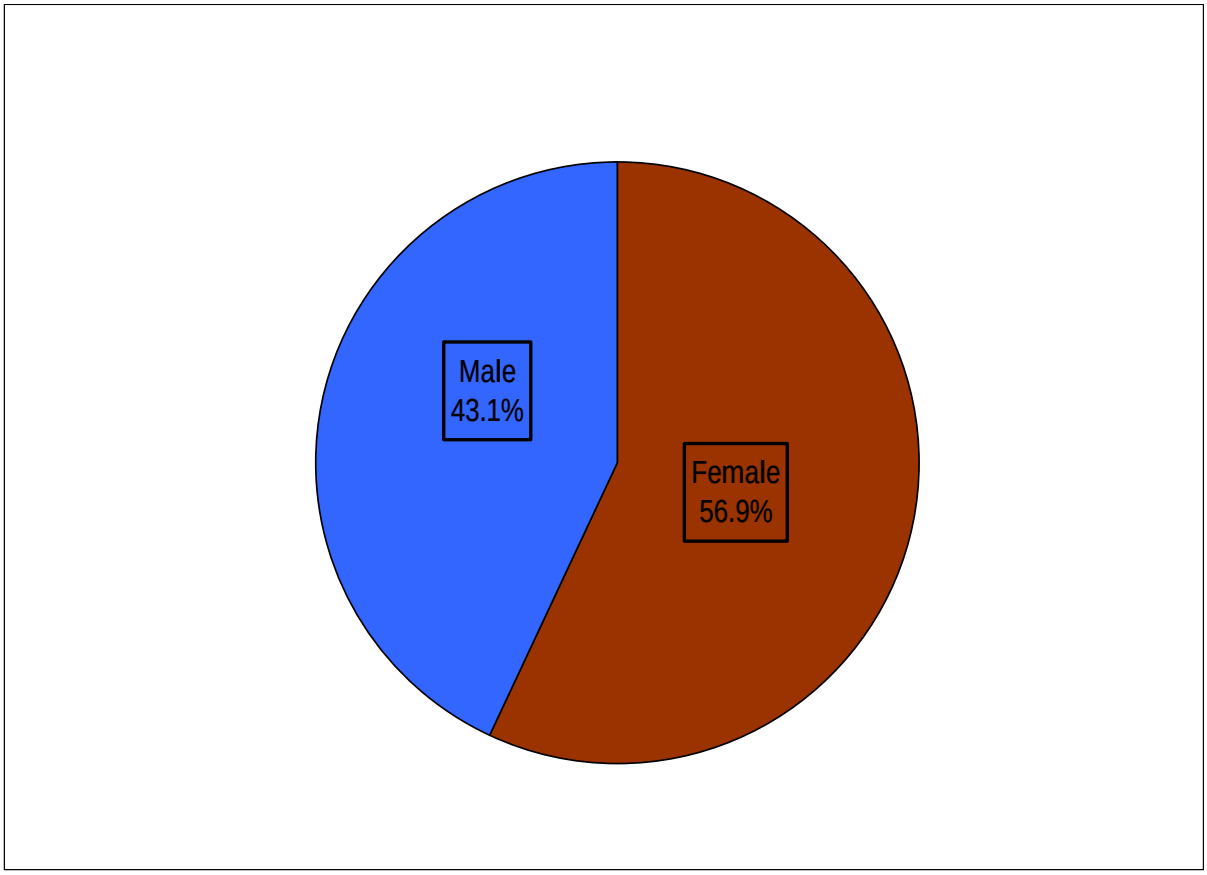
**Table E.1: Datasets for the Annual Disparity Study**

| File Name | File Type | Description |
|---|---|---|
| "Commodity_Codes_to_Lookup" | MS Excel (.xls) | A file which lists commodity codes and descriptions and corresponding NAICS codes which have been hand-coded. |
| "GAS: Economy-Wide Estimates" | Adobe Acrobat (.pdf) | A scanned report from the U.S. Census website providing the numbers that were used to present the Census availability data in the above-mentioned file. |
| "Master_contract_list" | STATA Dataset (.dta) | A STATA dataset containing all of the prime and subcontract vendors and contract amounts included in the "OEO Contract Participation 4th Qt FY 12 Report.xls". |
| "OEO Vendors with Race FY 2012" | MS Excel (.xls) | The original file provided to Econsult by OEO listing all current registered vendors. |
| "OEO Contract Participation 4th Qt FY12 Report" | MS Excel (.xls) | The original file provided to Econsult by OEO listing all prime and subcontract vendors along with contract amounts. |
| "PMSA Zip Codes" | MS Excel (.xls) | A compilation of all the zip codes in the City and MSA areas. |
| "pmsa_zip_codes" | STATA Dataset (.dta) | A STATA dataset version of "PMSA Zip Codes.xls" |
| "Procurement Vendor Listing" | MS Excel (.xls) | A list of vendors registered with the City's Procurement Office, provided by same. |
| "Pro-Net Vendors" | MS Excel (.xls) | A list of all vendors registered with the Central Contractor Registration website (formerly SBA Pro-Net). Each tab lists only the vendors registered under total MBE, MBE/males, WBE, and Veterans. Each tab also displays the calculations we used to identify each vendor by ethnicity and/or gender. |
| "Summary of Availability Data – SBA Census" | MS Excel (.xls) | A spreadsheet with four tabs, each summarizing the data available from the 2007 Economic (SBO) Census by category: total MBEs, total WBEs, employer MBEs, employer WBEs. The cells that are blank represent categories for which the Census provides no data. |

*Source: Econsult Solutions (2013)*

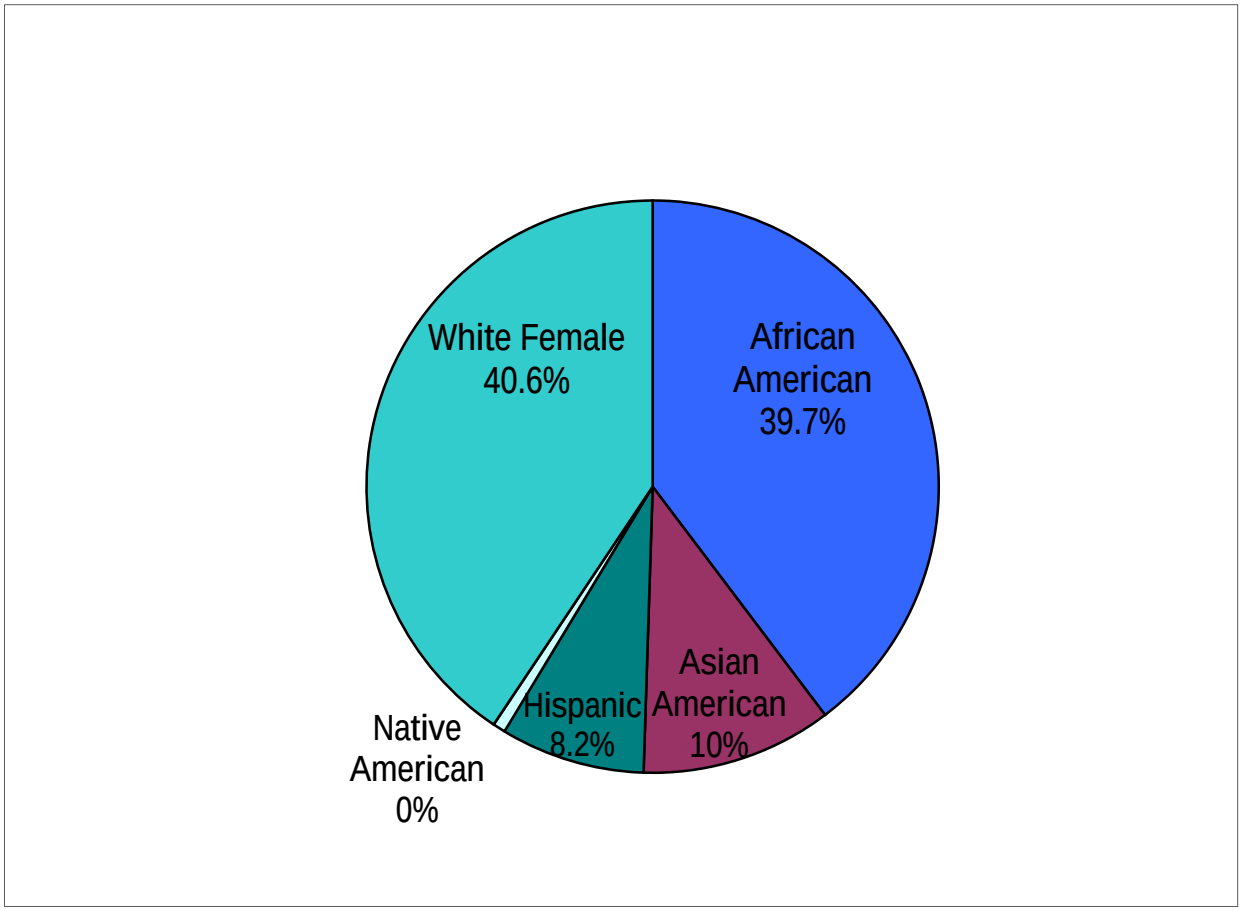
## APPENDIX F: DISTRIBUTION OF ALL OEO REGISTERED FIRMS

**Figure F.1 – January 2013 Distribution of OEO-Registered Firms by Gender**




*Source: City of Philadelphia Office of Economic Opportunity (2013), Econsult Solutions (2013)*

**Figure F.2 – January 2013 Distribution of OEO-Registered Firms by Ethnicity**




*Source: City of Philadelphia Office of Economic Opportunity (2013), Econsult Solutions (2013)*

**Table F.1 – Distribution of OEO-Registered Firms by State (as of January 2013)**

| State | Number of Firms | % of Total |
|---|---|---|
| Pennsylvania | 1,298 | 65.5% |
| New Jersey | 265 | 13.4% |
| New York | 71 | 3.6% |
| Maryland | 66 | 3.3% |
| Delaware | 41 | 2.1% |
| Virginia | 30 | 1.5% |
| Illinois | 23 | 1.2% |
| Florida | 22 | 1.1% |
| California | 22 | 1.1% |
| District of Columbia | 21 | 1.1% |
| Texas | 20 | 1.0% |
| Georgia | 19 | 1.0% |
| Massachusetts | 14 | 0.7% |
| North Carolina | 12 | 0.6% |
| Michigan | 8 | 0.4% |
| Ohio | 6 | 0.3% |
| Connecticut | 6 | 0.3% |
| Indiana | 5 | 0.3% |
| Missouri | 5 | 0.3% |
| South Carolina | 4 | 0.2% |
| Tennessee | 4 | 0.2% |
| Washington | 3 | 0.2% |
| Colorado | 3 | 0.2% |
| Minnesota | 2 | 0.1% |
| Oregon | 2 | 0.1% |
| Rhode Island | 2 | 0.1% |
| Utah | 1 | 0.1% |
| Arizona | 1 | 0.1% |
| Kansas | 1 | 0.1% |
| Maine | 1 | 0.1% |
| New Hampshire | 1 | 0.1% |
| Nevada | 1 | 0.1% |
| Oklahoma | 1 | 0.1% |
| Wisconsin | 1 | 0.1% |
| Total | 1,982 | 100% |

*Source: City of Philadelphia - Office of Economic Opportunity (2013), Econsult Solutions (2013)*

**Table F.2 – Distribution of OEO-Registered Firms by Industry by Location of Firm (as of January 2013)**

| Contract Type | City | | MSA | | US | |
|---|---|---|---|---|---|---|
| | # | % | # | % | # | % |
| PW | 261 | 13.2% | 502 | 25.3% | 672 | 33.9% |
| PPS | 378 | 19.1% | 749 | 37.8% | 1192 | 60.1% |
| SSE | 232 | 11.7% | 476 | 24.0% | 689 | 34.8% |
| All Contract Types | 683 | 34.5% | 1,356 | 68.4% | 1,982 | 100.0% |

*Source: City of Philadelphia - Office of Economic Opportunity (2013), Econsult Solutions (2013)*

**Table F.3 – Distribution of OEO-Registered Firms by Industry by M/W/DSBE Category (as of January 2013)**

| Contract Type | MBE | | WBE | | DSBE | | M/W/DSBE | |
|---|---|---|---|---|---|---|---|---|
| | # | % | # | % | # | % | # | % |
| PW | 327 | 16.5% | 343 | 17.3% | 0 | 0.0% | 672 | 33.9% |
| PPS | 492 | 24.8% | 697 | 35.2% | 0 | 0.0% | 1192 | 60.1% |
| SSE | 278 | 14.0% | 409 | 20.6% | 0 | 0.0% | 689 | 34.8% |
| All Contract Types | 850 | 42.9% | 1,127 | 56.9% | 0 | 0.0% | 1,982 | 100.0% |

*Source: City of Philadelphia - Office of Economic Opportunity (2013), Econsult Solutions (2013)*

**Table F.4 – Change in Distribution of OEO-Registered Firms by Location of Firm (Q1 2012 to Q1 2013)**

| | | As of Q1 2012 | | | Additions Since Q1 2012 | | | Subtractions Since Q1 2012 | | | As of Q1 2013 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | City | MSA | US | City | MSA | US | City | MSA | US | City | MSA | US |
| MBE - African American | Male | 259 | 374 | 535 | 74 | 139 | 182 | 80 | 112 | 180 | 253 | 401 | 537 |
| MBE - Hispanic or Latino | Male | 49 | 75 | 127 | 14 | 32 | 39 | 16 | 23 | 39 | 47 | 84 | 127 |
| MBE – Asian | Male | 32 | 72 | 160 | 9 | 37 | 60 | 11 | 27 | 59 | 30 | 82 | 161 |
| MBE - Native American | Male | 1 | 2 | 10 | 1 | 2 | 5 | 0 | 0 | 4 | 2 | 4 | 11 |
| MBE – Other | Male | 2 | 7 | 14 | 0 | 0 | 0 | 2 | 2 | 1 | 0 | 0 | 13 |
| MBE – Total | Male | 343 | 530 | 846 | 98 | 210 | 286 | 109 | 164 | 283 | 332 | 571 | 849 |
| WBE – White | Female | 203 | 471 | 784 | 42 | 195 | 259 | 55 | 138 | 246 | 190 | 528 | 797 |
| WBE - African American | Female | 128 | 175 | 234 | 45 | 75 | 87 | 45 | 60 | 79 | 128 | 190 | 242 |
| WBE - Hispanic or Latino | Female | 13 | 21 | 38 | 8 | 21 | 12 | 8 | 12 | 17 | 13 | 30 | 33 |
| WBE – Asian | Female | 16 | 26 | 44 | 9 | 16 | 27 | 7 | 10 | 17 | 18 | 32 | 54 |
| WBE - Native American | Female | 1 | 1 | 3 | 0 | 1 | 0 | 1 | 1 | 2 | 0 | 1 | 1 |
| WBE – Other | Female | 0 | 1 | 2 | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 1 |
| WBE – Total | Female | 361 | 695 | 1105 | 104 | 308 | 385 | 116 | 222 | 362 | 349 | 781 | 1128 |
| White | Female | 203 | 471 | 784 | 42 | 195 | 259 | 55 | 138 | 246 | 190 | 528 | 797 |
| Native American | M&F | 2 | 3 | 13 | 1 | 3 | 5 | 1 | 1 | 6 | 2 | 4 | 14 |
| Asian American | M&F | 48 | 98 | 204 | 18 | 53 | 87 | 18 | 37 | 76 | 48 | 114 | 215 |
| African American | M&F | 387 | 549 | 769 | 119 | 214 | 269 | 125 | 172 | 259 | 381 | 591 | 779 |
| Hispanic | M&F | 62 | 96 | 165 | 22 | 53 | 51 | 24 | 35 | 56 | 60 | 114 | 160 |
| Other | M&F | 2 | 8 | 16 | 0 | 0 | 0 | 2 | 3 | 2 | 0 | 5 | 14 |
| All MBE | M&F | 501 | 754 | 1167 | 160 | 323 | 412 | 170 | 248 | 399 | 491 | 828 | 1182 |
| All | Female | 361 | 695 | 1105 | 104 | 308 | 385 | 116 | 222 | 362 | 349 | 781 | 1128 |
| Disabled | M&F | 2 | 5 | 8 | 1 | 1 | 0 | 1 | 2 | 3 | 2 | 4 | 5 |
| All M/W/DSBE | M&F | 706 | 1,230 | 1,959 | 203 | 519 | 671 | 226 | 388 | 648 | 683 | 1,356 | 1,982 |

*Source: City of Philadelphia - Office of Economic Opportunity (2013), Econsult Solutions (2013)*

**Table F.5 – Change in Distribution of OEO-Registered Firms by Location of Firm (Q1 2012 to Q1 2013)**

| | As of Q1 2012 | | | Additions Since Q1 2012 | | | Subtractions Since Q1 2012 | | | As of Q1 2013 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | City | MSA | US | City | MSA | US | City | MSA | US | City | MSA | US |
| PW | 294 | 489 | 761 | 120 | 215 | 225 | 125 | 207 | 244 | 256 | 502 | 672 |
| PPS | 362 | 612 | 980 | 100 | 236 | 528 | 112 | 172 | 375 | 378 | 749 | 1192 |
| SSE | 175 | 283 | 414 | 93 | 158 | 387 | 96 | 114 | 173 | 161 | 312 | 689 |
| Total | 706 | 1,230 | 1,959 | 203 | 519 | 671 | 226 | 388 | 648 | 683 | 1,356 | 1,982 |

*Source: City of Philadelphia - Office of Economic Opportunity (2013), Econsult Solutions (2013)*

## APPENDIX G: UTILIZATION CHARTS

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

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

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

We also distinguish between M/W/DSBE utilization as prime contractors versus utilization as sub-contractors (see Table G.2). We also provide utilization goals and actuals by department, compared to FY 2011 (see Table G.3), by geographic location compared to FY 2011 (see Table G.4) and over three years (see Table G.5). We also account for the distribution of contracts by M/W/DSBE type (see Table G.6). Finally, we looked at the M/W/DSBE distribution of contracts, in terms of the proportion of contracts with M/W/DSBE participation (see Table G.7) and the number of contracts participated in by various M/W/DSBEs (see Table G.8).

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

**Table G.1 – FY 2012 Utilization of M/W/DSBEs, by Contract Type, by Location of M/W/DSBE, and by M/W/DSBE Category, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities) (by $ Contracts Awarded)[60]**

| | | PW | | | PPS | | | SSE | | | All Contract Types | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ethnicity | Gender | City | MSA | US | City | MSA | US | City | MSA | US | City | MSA | US |
| White | Female | 1.1% | 6.3% | 7.5% | 0.6% | 2.4% | 4.8% | 6.4% | 7.0% | 8.8% | 1.8% | 4.3% | 6.3% |
| Native American | M&F | 0.0% | 0.0% | 0.2% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.1% | 0.0% | 0.0% | 0.1% |
| Asian American | M&F | 0.7% | 0.0% | 1.5% | 0.1% | 1.1% | 2.1% | 0.0% | 0.0% | 0.1% | 0.2% | 0.8% | 1.5% |
| African American | M&F | 0.8% | 2.7% | 4.5% | 8.6% | 9.6% | 14.0% | 0.4% | 0.4% | 12.0% | 5.0% | 6.1% | 11.0% |
| Hispanic | M&F | 3.9% | 6.0% | 7.5% | 1.0% | 1.6% | 1.7% | 0.4% | 0.5% | 2.2% | 1.7% | 2.5% | 3.3% |
| 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 | 5.4% | 9.6% | 13.6% | 9.7% | 12.5% | 18.1% | 1.1% | 1.3% | 14.7% | 7.0% | 9.6% | 16.2% |
| Disabled | M&F | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| All | Female | 1.1% | 6.7% | 8.7% | 2.3% | 4.6% | 8.5% | 6.4% | 7.1% | 8.9% | 2.7% | 5.6% | 8.6% |
| All M/W/DSBE | M&F | 6.5% | 15.8% | 21.2% | 10.3% | 14.9% | 22.9% | 7.5% | 8.3% | 23.5% | 8.8% | 13.9% | 22.5% |

*Source: OEO Annual Participation Report (FY 2012), Econsult Solutions (2013)*

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

**Table G.2 – FY 2012 Utilization of M/W/DSBEs as Prime Contractors in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type (by $ Contracts Awarded)**

| Contract Type | Total # Contracts | Total $M Contracts | # MWDSBE Contracts | $M MWDSBE Contracts |
|---|---|---|---|---|
| Public Works | 148 | $218.30 | 16 | $14.45 |
| MWDSBE Utilization as Prime | | | 10.8% | 6.6% |
| MWDSBE Total Utilization (Prime + Sub) | | | | 21.2% |
| Services, Supplies, and Equipment | 316 | $152.00 | 33 | $4.95 |
| MWDSBE Utilization as Prime | | | 10.4% | 3.3% |
| MWDSBE Total Utilization (Prime + Sub) | | | | 16.7% |
| Personal and Professional Services | 739 | $447.40 | 169 | $41.28 |
| MWDSBE Utilization as Prime | | | 22.9% | 9.2% |
| MWDSBE Total Utilization (Prime + Sub) | | | | 22.9% |
| All Contract Types (Not Incl SOP/MPO) | 1,203 | $817.70 | 218 | $60.67 |
| MWDSBE Utilization as Prime | | | 18.1% | 7.4% |
| MWDSBE Total Utilization (Prime + Sub) | | | | 21.3% |
| Small Order Purchases (SOP) | 1,048 | $6.90 | 132 | $0.64 |
| MWDSBE Utilization as Prime | | | 12.6% | 9.2% |
| MWDSBE Total Utilization (Prime + Sub) | | | | 9.3% |
| Miscellaneous Purchase Orders (MPO) | 281 | $4.68 | 72 | $1.18 |
| MWDSBE Utilization as Prime | | | 25.6% | 25.2% |
| MWDSBE Total Utilization (Prime + Sub) | | | | 28.2% |
| All Contract Types Incl SOP/MPO) | 2,532 | $829.27 | 422 | $62.49 |
| MWDSBE Utilization as Prime | | | 16.7% | 7.5% |
| MWDSBE Total Utilization (Prime + Sub) | | | | 21.0% |

*Source: OEO Annual Participation Report (FY 2012), Econsult Solutions (2013)*

**Table G.3 – FY 2012 Utilization ("U3") - Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors Located within the US, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by City Department (by $ Contracts Awarded)**

| City Department | FY12 Dept Total (in $M) | FY12 M/W/DSBE Total (in $M) | FY12 M/W/DSBE %Utilization Actual | FY11 M/W/DSBE %Utilization Actual | FY12 MBE %Utilization Actual | FY12 WBE %Utilization Actual | FY12 DSBE %Utilization Actual |
|---|---|---|---|---|---|---|---|
| Aviation | $130.96 | $32.04 | 24.5% | 20.6% | 17.2% | 10.5% | 0.0% |
| Behavioral Health and Intellectual disAbility Services | $8.94 | $1.52 | 17.0% | 6.0% | 6.2% | 12.5% | 0.0% |
| Board of Ethics | $0.01 | $0.00 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| City Planning Commission | $0.23 | $0.12 | 52.1% | 32.5% | 32.9% | 52.1% | 0.0% |
| City Representative | $0.08 | $0.08 | 100.0% | 75.1% | 34.3% | 71.7% | 0.0% |
| Civil Service Commission | $0.03 | $0.03 | 100.0% | 100.0% | 100.0% | 100.0% | 0.0% |
| Commerce | $0.09 | $0.03 | 37.9% | 23.5% | 37.9% | 0.0% | 0.0% |
| Division of Technology | $18.62 | $3.46 | 18.6% | 25.1% | 16.9% | 6.7% | 0.0% |
| Finance, Director of | $13.93 | $5.04 | 36.2% | 40.3% | 27.4% | 19.0% | 0.0% |
| Fire | $9.55 | $1.41 | 14.8% | 13.3% | 9.0% | 7.0% | 0.0% |
| First Judicial District of PA | $0.00 | $0.0 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Fleet Management | $5.32 | $0.07 | 1.3% | 35.2% | 0.7% | 0.9% | 0.0% |
| Health, Department of Public | $7.68 | $0.93 | 12.1% | 53.0% | 4.6% | 10.8% | 0.0% |

| City Department | FY12 Dept Total (in $M) | FY12 M/W/DSBE Total (in $M) | FY12 M/W/DSBE %Utilization Actual | FY11 M/W/DSBE %Utilization Actual | FY12 MBE %Utilization Actual | FY12 WBE %Utilization Actual | FY12 DSBE %Utilization Actual |
|---|---|---|---|---|---|---|---|
| Historical Commission | $0.00 | $0.0 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Human Services, Department of | $70.80 | $3.78 | 5.3% | 3.3% | 5.0% | 0.6% | 0.0% |
| Labor Relations | $0.00 | $0.0 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Law Department | $6.18 | $0.71 | 11.4% | 34.6% | 2.3% | 10.0% | 0.0% |
| Library, Free | $1.96 | $0.39 | 19.8% | 18.2% | 11.6% | 9.8% | 0.0% |
| Licenses and Inspections, Department of (L&I) | $8.32 | $3.76 | 45.2% | 21.3% | 45.1% | 0.4% | 0.0% |
| Managing Director's Office | $36.57 | $0.45 | 1.2% | 29.6% | 0.9% | 1.1% | 0.0% |
| Mayor's Office | $0.50 | $0.10 | 20.0% | 13.2% | 20.0% | 0.0% | 0.0% |
| Mayor's Office of Community Services | $0.20 | $0.11 | 55.6% | 0.0% | 55.6% | 55.6% | 0.0% |
| Mural Arts Program | $0.00 | $0.0 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Office of Emergency Services | $0.00 | $0.0 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Office of Housing & Community Development | $0.21 | $0.09 | 40.9% | 28.4% | 0.0% | 40.9% | 0.0% |
| Office of Supportive Housing (OSH) | $4.03 | $1.47 | 36.5% | 20.6% | 36.1% | 10.7% | 0.0% |
| Office of the Inspector General | $0.12 | $0.01 | 11.2% | 0.0% | 11.2% | 0.0% | 0.0% |

| City Department | FY12 Dept Total (in $M) | FY12 M/W/DSBE Total (in $M) | FY12 M/W/DSBE %Utilization Actual | FY11 M/W/DSBE %Utilization Actual | FY12 MBE %Utilization Actual | FY12 WBE %Utilization Actual | FY12 DSBE %Utilization Actual |
|---|---|---|---|---|---|---|---|
| Pensions & Retirement, Board of | $21.08 | $2.81 | 13.3% | 12.2% | 11.9% | 6.1% | 0.0% |
| Personnel | $0.36 | $0.04 | 11.9% | 1.5% | 10.5% | 1.4% | 0.0% |
| Police | $4.09 | $0.42 | 10.3% | 16.0% | 5.2% | 6.5% | 0.0% |
| Prisons | $90.54 | $20.43 | 22.6% | 27.0% | 18.5% | 5.5% | 0.0% |
| Procurement | $0.00 | $0.00 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Property, Department of Public | $59.85 | $27.25 | 45.5% | 38.1% | 34.9% | 18.0% | 0.0% |
| Records | $0.64 | $0.30 | 46.1% | 41.5% | 1.8% | 44.3% | 0.0% |
| Parks and Recreation | $2.98 | $0.64 | 21.4% | 24.4% | 5.8% | 15.6% | 0.0% |
| Revenue | $10.95 | $4.30 | 39.3% | 3.7% | 37.9% | 7.7% | 0.0% |
| Revision of Taxes, Board of | $0.25 | $0.09 | 33.7% | 0.0% | 0.0% | 0.0% | 0.1% |
| Sinking Fund Commission | $0.03 | $0.03 | 100.0% | 0.0% | 100.0% | 13.6% | 0.0% |
| Streets | $129.71 | $46.44 | 35.8% | 22.1% | 22.7% | 18.4% | 0.0% |
| Treasurer, City | $2.49 | $0.70 | 28.0% | 24.3% | 12.5% | 8.9% | 0.0% |
| Water Department | $113.26 | $24.00 | 21.2% | 24.7% | 14.3% | 14.2% | 0.0% |
| Youth Commission | $0.00 | $0.0 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Zoning Code Commission | $0.00 | $0.0 | 0.0% | 27.0% | 0.0% | 0.0% | 0.0% |
| All Departments | $760.54 | $183.04 | 22.1% | 23.7% | 13.6% | 6.7% | 0.1% |

| City Department | FY12 Dept Total (in $M) | FY12 M/W/DSBE Total (in $M) | FY12 M/W/DSBE %Utilization Actual | FY11 M/W/DSBE %Utilization Actual | FY12 MBE %Utilization Actual | FY12 WBE %Utilization Actual | FY12 DSBE %Utilization Actual |
|---|---|---|---|---|---|---|---|
| All with Citywide SSE[61] | $829.25 | $186.41 | 22.5% | 23.3% | 15.8% | 8.4% | 0.0% |

*Source: OEO Annual Participation Report (FY 2012), Econsult Solutions (2013)*

**Table G.4 – FY 2012 Utilization of For-Profit M/W/DSBE Prime Contractors and Sub-Contractors, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by City Department and by Location of M/W/DSBE (by $ Contracts Awarded)**

| City Department | FY 12 Dept Total (in $M) | FY 12 M/W/DSBE Total (in $M) | | | FY 12 M/W/DSBE %Utilization | | |
|---|---|---|---|---|---|---|---|
| | | City | MSA | US | City | MSA | US |
| Aviation | $130.96 | $5.8 | $17.70 | $32.04 | 4.4% | 13.5% | 24.5% |
| Behavioral Health and Intellectual disAbility Services | $8.94 | $0.0 | $0.28 | $1.52 | 0.0% | 3.1% | 17.0% |
| Board of Ethics | $0.01 | $0.0 | $0.00 | $0.00 | 0.0% | 0.0% | 0.0% |
| City Planning Commission | $0.23 | $0.1 | $0.11 | $0.12 | 32.9% | 46.1% | 52.1% |
| City Representative | $0.08 | $0.0 | $0.02 | $0.08 | 6.2% | 31.1% | 100.0% |
| Civil Service Commission | $0.03 | $0.0 | $0.00 | $0.03 | 0.0% | 0.0% | 100.0% |
| Commerce | $0.09 | $0.0 | $0.03 | $0.03 | 35.7% | 35.7% | 37.9% |
| Division of Technology | $18.62 | $0.6 | $1.12 | $3.46 | 3.1% | 6.0% | 18.6% |
| Finance, Director of | $13.93 | $2.1 | $3.24 | $5.04 | 15.4% | 23.2% | 36.2% |
| Fire | $9.55 | $0.9 | $1.41 | $1.41 | 9.0% | 14.8% | 14.8% |
| First Judicial District of PA | $0.00 | $0.0 | $0.04 | $0.0 | 0.0% | 0.0% | 0.0% |
| Fleet Management | $5.32 | $0.0 | $0.07 | $0.07 | 0.2% | 1.2% | 1.3% |
| Health, Department of Public | $7.68 | $0.3 | $0.39 | $0.93 | 3.9% | 5.1% | 12.1% |

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

| City Department | FY 12 Dept Total (in $M) | FY 12 M/W/DSBE Total (in $M) | | | FY 12 M/W/DSBE %Utilization | | |
|---|---|---|---|---|---|---|---|
| | | City | MSA | US | City | MSA | US |
| Historical Commission | $0.00 | $0.0 | $0.00 | $0.0 | 0.0% | 0.0% | 0.0% |
| Human Services, Department of | $70.80 | $1.4 | $2.20 | $3.78 | 1.9% | 3.1% | 5.3% |
| Labor Relations | $0.00 | $0.0 | $0.00 | $0.0 | 0.0% | 0.0% | 0.0% |
| Law Department | $6.18 | $0.1 | $0.13 | $0.71 | 2.0% | 2.1% | 11.4% |
| Library, Free | $1.96 | $0.2 | $0.31 | $0.39 | 9.5% | 15.8% | 19.8% |
| Licenses and Inspections, Department of (L&I) | $8.32 | $0.6 | $0.69 | $3.76 | 6.6% | 8.2% | 45.2% |
| Managing Director's Office | $36.57 | $0.2 | $0.26 | $0.45 | 0.5% | 0.7% | 1.2% |
| Mayor's Office | $0.50 | $0.0 | $0.00 | $0.10 | 0.0% | 0.0% | 20.0% |
| Mayor's Office of Community Services | $0.20 | $0.1 | $0.11 | $0.11 | 55.6% | 55.6% | 55.6% |
| Mural Arts Program | $0.00 | $0.0 | $0.00 | $0.0 | 0.0% | 0.0% | 0.0% |
| Office of Emergency Services | $0.00 | $0.0 | $0.00 | $0.0 | 0.0% | 0.0% | 0.0% |
| Office of Housing & Community Development | $0.21 | $0.0 | $0.09 | $0.09 | 0.0% | 40.9% | 40.9% |
| Office of Supportive Housing (OSH) | $4.03 | $0.5 | $1.04 | $1.47 | 11.9% | 25.8% | 36.5% |
| Office of the Inspector General | $0.12 | $0.0 | $0.00 | $0.01 | 0.0% | 3.8% | 11.2% |
| Pensions & Retirement, Board of | $21.08 | $0.0 | $0.01 | $2.81 | 0.0% | 0.0% | 13.3% |
| Personnel | $0.36 | $0.0 | $0.04 | $0.04 | 0.0% | 10.5% | 11.9% |
| Police | $4.09 | $0.2 | $0.28 | $0.42 | 4.8% | 6.8% | 10.3% |
| Prisons | $90.54 | $13.1 | $14.43 | $20.43 | 14.5% | 15.9% | 22.6% |
| Procurement | $0.00 | $0.0 | $0.00 | $0.00 | 0.0% | 0.0% | 0.0% |
| Property, Department of Public | $59.85 | $18.0 | $24.92 | $27.25 | 30.2% | 41.6% | 45.5% |
| Records | $0.64 | $0.0 | $0.23 | $0.30 | 0.8% | 35.4% | 46.1% |
| Parks and Recreation | $2.98 | $0.2 | $0.19 | $0.64 | 6.0% | 6.5% | 21.4% |
| Revenue | $10.95 | $3.8 | $3.84 | $4.30 | 35.0% | 35.1% | 39.3% |
| Revision of Taxes, Board of | $0.25 | $0.0 | $0.07 | $0.09 | 11.8% | 25.9% | 33.7% |
| Sinking Fund Commission | $0.03 | $0.0 | $0.00 | $0.03 | 0.0% | 0.0% | 100.0% |
| Streets | $129.71 | $17.5 | $23.00 | $46.44 | 13.5% | 17.7% | 35.8% |
| Treasurer, City | $2.49 | $0.1 | $0.05 | $0.70 | 2.1% | 2.1% | 28.0% |
| Water Department | $113.26 | $5.3 | $16.24 | $24.00 | 4.6% | 14.3% | 21.2% |

| City Department | FY 12 Dept Total (in $M) | FY 12 M/W/DSBE Total (in $M) | | | FY 12 M/W/DSBE %Utilization | | |
|---|---|---|---|---|---|---|---|
| | | City | MSA | US | City | MSA | US |
| Youth Commission | $0.00 | $0.0 | $0.00 | $0.0 | 0.0% | 0.0% | 0.0% |
| Zoning Code Commission | $0.00 | $0.1 | $0.10 | $0.0 | 0.0% | 0.0% | 0.0% |
| All Departments | $760.54 | $71.15 | $112.62 | $183.04 | 9.4% | 14.8% | 22.1% |
| All with Citywide SSE | $829.25 | $72.72 | $115.33 | $186.41 | 8.6% | 13.6% | 22.5% |

*Source: OEO Annual Participation Report (FY 2012), Econsult Solutions (2013)*

**Table G.5 - FY 2012 Utilization ("U3") - Utilization of For-Profit DBE Prime Contractors and Sub-Contractors Located within the US, Divided by Utilization of All For-Profit Prime Contractors and Sub-Contractors, in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), Sorted by 3-Year Average Utilization by City Department (by $ Contracts Awarded)**

| City Department | FY12 Dept Total (in $M) | FY12 M/W/DSBE Total (in $M) | FY12 M/W/DSBE %Utilization Actual | FY11 M/W/DSBE %Utilization Actual | FY10 M/W/DSBE %Utilization Actual | 3-yr Average |
|---|---|---|---|---|---|---|
| Aviation | $130.96 | $32.04 | 24.5% | 20.6% | 28.4% | 24.5% |
| Behavioral Health and Intellectual disAbility Services | $8.94 | $1.52 | 17.0% | 6.0% | 1.4% | 8.1% |
| Board of Ethics | $0.01 | $0.00 | 0.0% | 0.0% | 0.0% | N/A |
| City Planning Commission | $0.23 | $0.12 | 52.1% | 32.5% | 47.7% | 44.1% |
| City Representative | $0.08 | $0.08 | 100.0% | 75.1% | N/A | 87.5% |
| Civil Service Commission | $0.03 | $0.03 | 100.0% | 100.0% | 0.0% | 66.7% |
| Commerce | $0.09 | $0.03 | 37.9% | 23.5% | 12.6% | 24.7% |
| Division of Technology | $18.62 | $3.46 | 18.6% | 25.1% | 25.7% | 23.1% |
| Finance, Director of | $13.93 | $5.04 | 36.2% | 40.3% | 39.5% | 38.7% |
| Fire | $9.55 | $1.41 | 14.8% | 13.3% | 0.0% | 9.4% |
| First Judicial District of PA | $0.00 | $0.0 | 0.0% | 0.0% | 0.0% | N/A |
| Fleet Management | $5.32 | $0.07 | 1.3% | 35.2% | 7.7% | 14.7% |
| Health, Department of Public | $7.68 | $0.93 | 12.1% | 53.0% | 15.1% | 26.7% |

| City Department | FY12 Dept Total (in $M) | FY12 M/W/DSBE Total (in $M) | FY12 M/W/DSBE %Utilization Actual | FY11 M/W/DSBE %Utilization Actual | FY10 M/W/DSBE %Utilization Actual | 3-yr Average |
|---|---|---|---|---|---|---|
| Historical Commission | $0.00 | $0.0 | 0.0% | 0.0% | 0.0% | N/A |
| Human Services, Department of | $70.80 | $3.78 | 5.3% | 3.3% | 3.8% | 4.1% |
| Labor Relations | $0.00 | $0.0 | 0.0% | 0.0% | 0.0% | N/A |
| Law Department | $6.18 | $0.71 | 11.4% | 34.6% | 4.0% | 16.7% |
| Library, Free | $1.96 | $0.39 | 19.8% | 18.2% | 1.1% | 13.0% |
| Licenses and Inspections, Department of (L&I) | $8.32 | $3.76 | 45.2% | 21.3% | 25.0% | 30.5% |
| Managing Director's Office | $36.57 | $0.45 | 1.2% | 29.6% | 3.5% | 11.4% |
| Mayor's Office | $0.50 | $0.10 | 20.0% | 13.2% | 20.6% | 17.9% |
| Mayor's Office of Community Services | $0.20 | $0.11 | 55.6% | 0.0% | 11.9% | 22.5% |
| Mural Arts Program | $0.00 | $0.0 | 0.0% | 0.0% | 0.0% | N/A |
| Office of Emergency Services | $0.00 | $0.0 | 0.0% | 0.0% | 0.0% | N/A |
| Office of Housing & Community Development | $0.21 | $0.09 | 40.9% | 28.4% | 33.1% | 34.1% |
| Office of Supportive Housing (OSH) | $4.03 | $1.47 | 36.5% | 20.6% | 29.4% | 28.8% |
| Office of the Inspector General | $0.12 | $0.01 | 11.2% | 0.0% | 0.0% | 3.7% |
| Pensions & Retirement, Board of | $21.08 | $2.81 | 13.3% | 12.2% | 10.9% | 12.1% |
| Personnel | $0.36 | $0.04 | 11.9% | 1.5% | 6.5% | 6.6% |
| Police | $4.09 | $0.42 | 10.3% | 16.0% | 2.4% | 9.6% |
| Prisons | $90.54 | $20.43 | 22.6% | 27.0% | 29.7% | 26.4% |
| Procurement | $0.00 | $0.00 | 0.0% | 0.0% | 0.0% | N/A |
| Property, Department of Public | $59.85 | $27.25 | 45.5% | 38.1% | 30.1% | 37.9% |
| Records | $0.64 | $0.30 | 46.1% | 41.5% | 14.9% | 34.2% |
| Parks and Recreation* | $2.98 | $0.64 | 21.4% | 24.4% | 1.5% | 15.8% |
| Revenue | $10.95 | $4.30 | 39.3% | 3.7% | 19.4% | 20.8% |
| Revision of Taxes, Board of | $0.25 | $0.09 | 33.7% | 0.0% | 17.2% | 17.0% |
| Sinking Fund Commission | $0.03 | $0.03 | 100.0% | 0.0% | 0.0% | 33.3% |
| Streets | $129.71 | $46.44 | 35.8% | 22.1% | 47.8% | 35.2% |
| Treasurer, City | $2.49 | $0.70 | 28.0% | 24.3% | 15.3% | 22.5% |
| Water Department | $113.26 | $24.00 | 21.2% | 24.7% | 17.0% | 21.0% |

| City Department | FY12 Dept Total (in $M) | FY12 M/W/DSBE Total (in $M) | FY12 M/W/DSBE %Utilization Actual | FY11 M/W/DSBE %Utilization Actual | FY10 M/W/DSBE %Utilization Actual | 3-yr Average |
|---|---|---|---|---|---|---|
| Youth Commission | $0.00 | $0.0 | 0.0% | 0.0% | 0.0% | N/A |
| Zoning Code Commission | $0.00 | $0.0 | 0.0% | 27.0% | 0.0% | 9.0% |
| All Departments | $760.54 | $183.04 | 22.1% | 23.2% | 23.2% | 22.8% |
| All with Citywide SSE | $829.25 | $186.41 | 22.5% | 23.3% | 20.8% | 22.2% |

*Source: OEO Annual Participation Report (FY 2010, 2011, 2012), Econsult Solutions (2011, 2012, 2013)*

**Table G.6 – Distribution of M/W/DSBE Utilization in City Transactions and Federally Funded Contracts (Including MOPs and SOPs), by Contract Type, by Contract Size, and by M/W/DSBE Category[62]**

| | All Contracts | | All PW Contracts | | All PPS Contracts | | All SSE Contracts | | All Contracts >=$500K | | All Contracts $100K-$500K | | All Contracts <=$100K | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Prime | Sub | Prime | Sub | Prime | Sub | Prime | Sub | Prime | Sub | Prime | Sub | Prime | Sub |
| MBE - African American | 136 | 318 | 1 | 44 | 85 | 151 | 6 | 17 | 8 | 15 | 33 | 71 | 95 | 232 |
| MBE - Hispanic or Latino | 25 | 98 | 2 | 35 | 6 | 36 | 2 | 15 | 6 | 12 | 4 | 42 | 15 | 44 |
| MBE – Asian | 30 | 103 | 1 | 27 | 17 | 41 | 2 | 6 | 5 | 5 | 2 | 20 | 23 | 78 |
| MBE - Native American | 2 | 8 | 0 | 2 | 0 | 10 | 0 | 0 | 1 | 1 | 1 | 3 | 0 | 4 |
| MBE – Other | 1 | 28 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 1 | 2 | 0 | 26 |
| MBE – Total | 194 | 555 | 4 | 108 | 108 | 240 | 10 | 38 | 20 | 33 | 41 | 138 | 133 | 384 |
| WBE – White | 129 | 383 | 7 | 67 | 41 | 133 | 10 | 21 | 14 | 12 | 24 | 41 | 91 | 330 |
| WBE - African American | 50 | 133 | 2 | 28 | 36 | 65 | 5 | 3 | 1 | 4 | 15 | 38 | 34 | 91 |
| WBE - Hispanic or Latino | 5 | 13 | 3 | 2 | 4 | 38 | 0 | 2 | 0 | 2 | 3 | 6 | 2 | 5 |
| WBE – Asian | 14 | 42 | 1 | 13 | 8 | 45 | 2 | 1 | 2 | 0 | 0 | 6 | 12 | 36 |
| WBE - Native American | 2 | 9 | 0 | 4 | 2 | 4 | 0 | 0 | 1 | 0 | 1 | 9 | 0 | 0 |
| WBE – Other | 1 | 6 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 1 | 5 |
| WBE – Total | 201 | 586 | 13 | 114 | 91 | 281 | 18 | 27 | 18 | 18 | 43 | 101 | 140 | 467 |
| DSBE – Total | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| M/W/DSBE – Total | 395 | 940 | 17 | 226 | 169 | 275 | 26 | 58 | 30 | 35 | 68 | 195 | 297 | 693 |
| Excluding MP/SOP | 191 | 940 | 17 | 226 | 169 | 275 | 26 | 58 | 30 | 35 | 68 | 195 | 93 | 693 |

*Source: OEO Annual Participation Report (FY 2012), Econsult Solutions (2013)*

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

**Table G.7 – FY 2012 Distribution of M/W/DSBE Utilization in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type [63]**

| | PW = 148 total contracts | | | | PPS = 739 total contracts | | | | SSE = 316 total contracts | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | M/W/ DSBE | MBE | WBE | DSBE | M/W/ DSBE | MBE | WBE | DSBE | MM/W/ DSBE | MBE | WBE | DSBE |
| # Contracts with at Least 1 M/W/DSBE Participating | 136 | 113 | 102 | 1 | 322 | 216 | 163 | 0 | 55 | 38 | 27 | 0 |
| % Contracts with at Least 1 M/W/DSBE Participating | 90.1% | 74.8% | 67.5% | 0.7% | 43.6% | 29.2% | 22.1% | 0.0% | 17.4% | 12.0% | 8.5% | 0.0% |
| # Contracts Awarded to M/W/DSBE Prime Contractors | 16 | 4 | 13 | 0 | 169 | 108 | 89 | 0 | 33 | 27 | 7 | 0 |
| % Contracts Awarded to M/W/DSBE Prime Contractors | 10.8% | 2.7% | 8.8% | 0.0% | 22.9% | 14.6% | 12.0% | 0.0% | 10.4% | 8.5% | 2.2% | 0.0% |
| # Contracts with at Least 1 M/W/DSBE Sub-Contractor | 120 | 109 | 89 | 1 | 153 | 108 | 74 | 0 | 22 | 11 | 20 | 0 |
| % Contracts with at Least 1 M/W/DSBE Sub-Contractor | 79.5% | 72.2% | 58.9% | 0.7% | 20.7% | 14.6% | 10.0% | 0.0% | 7.0% | 3.5% | 6.3% | 0.0% |

*Source: OEO Annual Participation Report (FY 2012), Econsult Solutions (2013)*

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

**Table G.8 – FY 2012 Distribution of M/W/DSBE Utilization in City Contracts and Federally Funded Contracts (i.e. Not Including Contracts of Quasi-Public Entities), by Contract Type [64]**

| | PW = 148 total contracts | | | | PPS = 739 total contracts | | | | SSE = 316 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 | 136 | 70 | 75 | 1 | 322 | 156 | 170 | 0 | 55 | 28 | 32 | 0 |
| Highest # of Contracts a Single M/W/DSBE Participated in | 32 | 21 | 32 | 1 | 29 | 17 | 29 | 0 | 6 | 4 | 6 | 0 |
| # M/W/DSBEs Participating in Exactly 1 Contract | 87 | 38 | 52 | 1 | 225 | 112 | 115 | 0 | 49 | 25 | 28 | 0 |
| # M/W/DSBEs Participating in 2-5 Contracts | 39 | 26 | 18 | 0 | 82 | 39 | 45 | 0 | 5 | 3 | 3 | 0 |
| # M/W/DSBEs Participating in 6-10 Contracts | 5 | 2 | 4 | 0 | 9 | 4 | 5 | 0 | 1 | 0 | 1 | 0 |
| # M/W/DSBEs Participating in 11-20 Contracts | 3 | 3 | 0 | 0 | 5 | 1 | 4 | 0 | 0 | 0 | 0 | 0 |
| # M/W/DSBEs Participating in 21 or More Contracts | 2 | 1 | 1 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |

*Source: OEO Annual Participation Report (FY 2012), Econsult Solutions (2013)*

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

## APPENDIX H: AVAILABILITY CHARTS

In a departure from previous years' methodology for calculating availability, in which two-digit NAICS codes were determined for each contract type and then information from the 2007 US Census Bureau Survey of Business Owners (SBO) was summed to determine availability by contract type, the approach for the FY 2012 Disparity Study weights the 2007 SBO data according to the distribution of FY 2012 spending by industry, per the FY 2012 Participation Report. In contrast, in years past, to give one example, availability for PW contracts was based on 2002 and 2007 SBO data for five two-digit NAICS codes, and information for each of those two-digit NAICS codes was weighted equally.

This year, availability for PW contracts is based on 2007 SBO data for all two-digit NAICS codes for which there was spending in FY 2012, and the 2007 SBO data are weighted by spending by industry. For example, if NAICS code 23 (Construction) represented 50 percent of PW spending, and then its SBO results were weighted 50 percent when determining PW availability. Thus, the approach to estimating "A3" Availability is as follows:

1. Contracts were manually sorted into two-digit NAICS codes by OEO staff.

2. Spending, as reported in the FY 2012 Participation Report, was sorted by two-digit NAICS code; weights for each two-digit NAICS code for each contract type (and for all spending) could then be calculated by dividing by total amounts spent by contract type (and for all spending) (see Table H.1 and Table H.2).

**Table H.1 – City Spending Amounts from FY 2012 Participation Report, Sorted by Two-Digit NAICS Code**

| NAICS | NAICS Description | PW | PPS | SSE | All Contract Types |
|---|---|---|---|---|---|
| 11 | Forestry, fishing & hunting, & agricultural support services | $0 | $0 | $2,207,718 | $2,207,718 |
| 21 | Mining, quarrying, and oil and gas extraction | $0 | $0 | $232,790 | $232,790 |
| 22 | Utilities | $0 | $0 | $22,474,587 | $22,474,587 |
| 23 | Construction | $218,265,121 | $0 | $17,712,277 | $235,977,398 |
| 31 | Manufacturing | $0 | $0 | $732,478 | $732,478 |
| 32 | Manufacturing | $0 | $0 | $24,894,115 | $24,894,115 |
| 33 | Manufacturing | $0 | $0 | $3,661,834 | $ 3,661,834 |
| 42 | Wholesale Trade | $0 | $0 | $27,127,215 | $27,127,215 |
| 44 | Retail Trade | $0 | $0 | $0 | $ 2,415,007 |
| 48 | Transportation and warehousing | $0 | $0 | $150,000 | $150,000 |
| 49 | Transportation and warehousing | $0 | $0 | $2,000,000 | $2,000,000 |
| 51 | Information | $0 | $0 | $1,162,603 | $1,162,603 |
| 52 | Finance and Insurance | $0 | $28,948,724 | $0 | $28,948,724 |
| 53 | Real estate & rental & leasing | $0 | $0 | $607,113 | $607,113 |
| 54 | Professional, scientific, and technical services | $0 | $344,488,322 | $0 | $344,488,323 |
| 56 | Administrative and Support and Waste Management & Remediation Services | $0 | $453,500 | $42,388,924 | $42,842,424 |
| 61 | Educational Services | $0 | $0 | $105,691 | $105,691 |
| 62 | Health care and social assistance | $0 | $72,364,377 | $140,040 | $72,504,417 |
| 71 | Arts, Entertainment, & Recreation | $0 | $0 | $0 | $0 |
| 72 | Accommodation and food services | $0 | $1,157,710 | $0 | $1,157,710 |
| 81 | Other services | $0 | $0 | $ 3,655,369 | $3,655,369 |
| 92 | Public Administration | $0 | $0 | $0 | $0 |
| 99 | Industry not classified | $0 | $0 | $313,963 | $313,963 |
| Grand Total | | $218,265,121 | $447,412,632 | $151,981,724 | $817,659,479 |

*Source: OEO Annual Participation Report (FY 2012), Econsult Solutions (2013)*

**Table H.2 – City Spending Proportions from FY 2012 Participation Report, Sorted by Two-Digit NAICS Code (Excluded $8M in MPs and SOPs)**

| NAICS | PW | PPS | SSE | All Contract Types |
|---|---|---|---|---|
| 11 | 0.00% | 0.00% | 1.45% | 0.27% |
| 21 | 0.00% | 0.00% | 0.15% | 0.03% |
| 22 | 0.00% | 0.00% | 14.79% | 2.75% |
| 23 | 100.00% | 0.00% | 11.65% | 28.86% |
| 31 | 0.00% | 0.00% | 0.48% | 0.09% |
| 32 | 0.00% | 0.00% | 16.38% | 3.04% |
| 33 | 0.00% | 0.00% | 2.41% | 0.45% |
| 42 | 0.00% | 0.00% | 17.85% | 3.32% |
| 44 | 0.00% | 0.00% | 1.59% | 0.30% |
| 48 | 0.00% | 0.00% | 0.10% | 0.02% |
| 49 | 0.00% | 0.00% | 1.32% | 0.24% |
| 51 | 0.00% | 0.00% | 0.76% | 0.14% |
| 52 | 0.00% | 6.47% | 0.00% | 3.54% |
| 53 | 0.00% | 0.00% | 0.40% | 0.07% |
| 54 | 0.00% | 77.00% | 0.00% | 42.13% |
| 56 | 0.00% | 0.10% | 27.89% | 5.24% |
| 62 | 0.00% | 16.17% | 0.07% | 0.01% |
| 72 | 0.00% | 0.26% | 0.09% | 8.87% |
| 81 | 0.00% | 0.00% | 0.00% | 0.14% |
| 92 | 0.00% | 0.00% | 2.41% | 0.45% |
| 99 | 0.00% | 0.00% | 0.21% | 0.04% |
| Grand Total | 100% | 100% | 100% | 100% |

*Source: OEO Annual Participation Report (FY 2012), Econsult Solutions (2013)*

3. SBO data were obtained for all M/W/DSBE types and for all two-digit NAICS codes (see Table H.3 and Table H.4).[65]

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

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

| NAICS | American Indian and Alaska Native | Asian | Black or African American | Hispanic | Minority | Female-owned |
|---|---|---|---|---|---|---|
| 11 | 0.0% | 100.0% | 0.0% | N/A | 100.0% | N/A |
| 22 | N/A | N/A | N/A | N/A | N/A | N/A |
| 23 | 0.0% | 4.3% | 10.2% | 0.0% | 17.2% | 7.7% |
| 31-33 | 0.0% | 11.1% | 1.5% | 0.8% | 13.5% | 14.7% |
| 42 | 0.0% | 13.1% | 3.5% | 0.0% | 16.7% | 17.7% |
| 44-45 | 0.0% | 29.9% | 3.2% | 2.3% | 34.0% | 15.1% |
| 48-49 | 0.0% | 0.0% | 3.0% | 0.0% | 13.3% | 15.4% |
| 51 | 0.0% | 5.4% | 0.5% | 0.0% | 5.9% | 0.0% |
| 52 | 0.0% | 5.0% | 5.3% | 0.0% | 11.5% | 0.0% |
| 53 | 0.0% | 4.4% | 0.0% | 0.0% | 15.3% | 11.5% |
| 54 | 0.1% | 4.8% | 5.0% | 1.3% | 11.2% | 19.5% |
| 55 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | N/A |
| 56 | 0.0% | 0.0% | 8.6% | 3.3% | 17.4% | 26.2% |
| 61 | 0.0% | 5.3% | 16.7% | 0.0% | 28.1% | 28.8% |
| 62 | 0.0% | 0.0% | 14.2% | 0.0% | 24.3% | 26.6% |
| 71 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 12.7% |
| 72 | 0.0% | 25.1% | 8.3% | 6.9% | 39.9% | 12.7% |
| 81 | 0.0% | 26.2% | 6.4% | 0.0% | 35.5% | 29.1% |
| 99 | N/A | N/A | N/A | N/A | N/A | N/A |
| Grand Total | 0.1% | 14.9% | 6.4% | 2.4% | 24.6% | 17.6% |

*Source: 2007 US Census Bureau Survey of Business Owners (2012), Econsult Solutions (2013)*

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

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

*Source: 2007 US Census Bureau Survey of Business Owners (2012), Econsult Solutions (2013)*

4. These SBO results were then multiplied through by FY 2012 spending by contract type (and for all spending), as apportioned out to the two-digit NAICS code level, resulting in a weighted average number of available M/W/DSBE firms in any particular M/W/DSBE category for any particular contract type (or for all contract types). Dividing this weighted average result by the weighted average number of all firms in any particular M/W/DSBE category for any particular contract type (or for all contract types), yields the estimated availability for any particular M/W/DSBE category for any particular contract type (or for all contract types). This set of calculations was performed for all four types of availability – all firms, firms with employees, revenues, revenues of firms with employees – for the geography represented by the City of Philadelphia as well as the Philadelphia MSA (see Table H.5, Table H.6, Table H.7, Table H.7, Table H.8, Table H.9, Table H.10, Table H.11, and Table H.12).

**Table H.5 – FY 2012 Availability ("A1") - # M/W/DSBE Firms in Philadelphia County, Divided by # All Firms in Philadelphia County**

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

*Source: 2007 US Census Bureau Survey of Business Owners (2012), Econsult Solutions (2013)*
*Note: "*" denotes data unavailable or insufficient.*

**Table H.6 – FY 2012 Availability ("A1") - # M/W/DSBE Firms in Philadelphia County with >1 Employee, Divided by # All Firms in Philadelphia County with >1 Employee**

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

*Source: 2007 US Census Bureau Survey of Business Owners (2012), Econsult Solutions (2013)*
*Note: "*" denotes data unavailable or insufficient.*

**Table H.7 – FY 2012 Availability ("A1") - # M/W/DSBE Firms in Philadelphia County by $ Revenue, Divided by # All Firms in Philadelphia County by $ Revenue**

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

*Source: 2007 US Census Bureau Survey of Business Owners (2012), Econsult Solutions (2013)*
*Note: "*" denotes data unavailable or insufficient.*

**Table H.8 – FY 2012 Availability ("A1") - # M/W/DSBE Firms in Philadelphia County with >1 Employees by $ Revenue, Divided by # All Firms in Philadelphia County with >1 Employees by $ Revenue**

| | | PW | PPS | SSE | All Contract Types |
|---|---|---|---|---|---|
| White | Female | * | * | * | * |
| Native American | Male & Female | 0.0% | 0.1% | 0.0% | 0.0% |
| Asian American | Male & Female | 1.5% | 4.1% | 3.4% | 3.3% |
| African American | Male & Female | 4.0% | 3.7% | 18.5% | 6.5% |
| Hispanic | Male & Female | 1.5% | 0.3% | 1.2% | 0.8% |
| All MBE | Male & Female | 6.9% | 8.4% | 25.0% | 11.1% |
| All WBE | Female | 3.8% | 13.1% | 11.4% | 10.3% |
| All M/W/DSBE | Male & Female | 10.6% | 21.5% | 36.4% | 21.4% |

*Source: 2007 US Census Bureau Survey of Business Owners (2012), Econsult Solutions (2013)*
*Note: "*" denotes data unavailable or insufficient.*

**Table H.9 – FY 2012 Availability ("A2") - # M/W/DSBE Firms in Philadelphia MSA, Divided by # All Firms in Philadelphia MSA**

| | | PW | PPS | SSE | All Contract Types |
|---|---|---|---|---|---|
| White | Female | * | * | * | * |
| Native American | Male & Female | 0.2% | 0.1% | 0.4% | 0.2% |
| Asian American | Male & Female | 2.2% | 5.8% | 2.7% | 3.2% |
| African American | Male & Female | 4.9% | 9.5% | 9.3% | 7.1% |
| Hispanic | Male & Female | 3.1% | 2.6% | 3.2% | 2.6% |
| All MBE | Male & Female | 10.3% | 18.0% | 15.5% | 13.2% |
| All WBE | Female | 7.9% | 40.5% | 30.8% | 23.8% |
| All M/W/DSBE | Male & Female | 18.2% | 44.5% | 46.2% | 36.9% |

*Source: 2007 US Census Bureau Survey of Business Owners (2012), Econsult Solutions (2013)*
*Note: "*" denotes data unavailable or insufficient.*

**Table H.10 – FY 2012 Availability ("A3") - # M/W/DSBE Firms in Philadelphia MSA with >1 Employee, Divided by # All Firms in Philadelphia MSA with >1 Employee**

| | | PW | PPS | SSE | All Contract Types |
|---|---|---|---|---|---|
| White | Female | * | * | * | * |
| Native American | Male & Female | 0.2% | 0.0% | 0.1% | 0.1% |
| Asian American | Male & Female | 1.0% | 5.0% | 1.7% | 2.7% |
| African American | Male & Female | 1.2% | 2.1% | 2.5% | 2.0% |
| Hispanic | Male & Female | 1.6% | 0.9% | 1.2% | 1.2% |
| All MBE | Male & Female | 4.0% | 8.1% | 5.6% | 6.0% |
| All WBE | Female | 9.1% | 16.9% | 16.0% | 14.0% |
| All M/W/DSBE | Male & Female | 13.2% | 25.0% | 21.6% | 20.0% |

*Source: 2007 US Census Bureau Survey of Business Owners (2012), Econsult Solutions (2013)*
*Note: "*" denotes data unavailable or insufficient.*

**Table H.11 – FY 2012 Availability ("A4") - $ Revenue of M/W/DSBE Firms in Philadelphia MSA by $ Revenue, Divided by # All Firms in Philadelphia MSA by $ Revenue**

| | | PW | PPS | SSE | All Contract Types |
|---|---|---|---|---|---|
| White | Female | * | * | * | * |
| Native American | Male & Female | * | 0.0% | 0.1% | 0.0% |
| Asian American | Male & Female | 0.4% | 1.7% | 0.9% | 0.9% |
| African American | Male & Female | 0.7% | 0.7% | 0.6% | 0.5% |
| Hispanic | Male & Female | 0.6% | 0.3% | 0.3% | 0.2% |
| All MBE | Male & Female | 1.7% | 2.6% | 1.8% | 1.6% |
| All WBE | Female | 6.2% | 4.7% | 6.1% | 3.9% |
| All M/W/DSBE | Male & Female | 7.8% | 7.3% | 7.9% | 7.7% |

*Source: Econsult Solutions (2013); Utilization = OEO Participation Report (FY 2012); Availability = 2007 US Census Survey of Business Owners (2012)*
*Note: "*" denotes data unavailable or insufficient.*

**Table H.12 – FY 2012 Availability ("A5") - # M/W/DSBE Firms in Philadelphia MSA with >1 Employees by $ Revenue, Divided by # All Firms in Philadelphia MSA with >1 Employees by $ Revenue**

| | | PW | PPS | SSE | All Contract Types |
|---|---|---|---|---|---|
| White | Female | * | * | * | * |
| Native American | Male & Female | * | 0.0% | 0.0% | 0.0% |
| Asian American | Male & Female | 0.3% | 1.5% | 0.8% | 0.9% |
| African American | Male & Female | 0.5% | 0.5% | 0.5% | 0.3% |
| Hispanic | Male & Female | 0.5% | 0.2% | 0.3% | 0.3% |
| All MBE | Male & Female | 1.3% | 2.2% | 1.6% | 1.4% |
| All WBE | Female | 6.3% | 3.9% | 5.7% | 5.3% |
| All M/W/DSBE | Male & Female | 7.7% | 6.2% | 7.3% | 7.0% |

*Source: Econsult Solutions (2013); Utilization = OEO Participation Report (FY 2012); Availability = 2007 US Census Survey of Business Owners (2012)*
*Note: "*" denotes data unavailable or insufficient.*

Looking across figures, we can see that availability rates based on the number of firms with paid employees are consistently lower than those based on just the number of firms, which demonstrates that M/W/DSBEs are generally smaller in terms of staffing than majority firms, and that availability rates based on firm revenues are lower than those based on firm counts,

which demonstrates that M/W/DSBEs generally have fewer revenues than majority firms. This is consistent with the findings from previous years.

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

Based on a narrower approach and using OEO and Procurement Department data to determine the appropriate availability of M/W/DSBEs, we can consider only the number of firms in these universes.

- First, we provide an overview of the City's availability rate of M/W/DSBEs, using the OEO directory as the numerator and Procurement Department data as the denominator: we consider this approach "Availability (A6)" (see Table H.13).

- Second, we provide an overview of the City's availability rate of M/W/DSBEs, using Procurement Department data as both the numerator and the denominator: we consider this approach "Availability (A17" (see Table H.14).

**Table H.13 – FY 2012 Availability ("A6") – # M/W/DSBE Firms Divided By # All Firms in Philadelphia MSA, Based on OEO Vendor List and Procurement Office Vendor List[66]**

| | | M/W/DSBE | M/W/DSBE % |
|---|---|---|---|
| | | All Contract Types | All Contract Types |
| Native American | Male | 4 | 0.2% |
| Asian American | Male | 82 | 4.1% |
| African American | Male | 401 | 20.2% |
| Hispanic | Male | 84 | 4.2% |
| Native American | Female | 1 | 0.1% |
| Asian American | Female | 32 | 1.6% |
| African American | Female | 190 | 9.6% |
| Hispanic | Female | 20 | 1.0% |
| White | Female | 528 | 26.6% |
| Native American | Male & Female | 5 | 0.3% |
| Asian American | Male & Female | 114 | 5.8% |
| African American | Male & Female | 591 | 29.8% |
| Hispanic | Male & Female | 104 | 5.2% |
| All MBE | Male & Female | 1342 | 25.6% |
| All | Female | 771 | 14.7% |
| Disabled | Male & Female | 0 | 0.00% |
| All M/W/DSBE | Male & Female | 1,982 | 37.8% |
| All Firms | Male & Female | 5,241 | |

*Source: City of Philadelphia Office of Economic Opportunity (2013), City of Philadelphia Procurement Department (2013), Econsult Solutions (2013)*

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

**Table H.14 – FY 2012 Availability ("A7") – # M/W/DSBE Firms Divided By # All Firms in Philadelphia MSA, Based on Procurement Office Vendor List**

| | | M/W/DSBE | M/W/DSBE % |
|---|---|---|---|
| | | All Contract Types | All Contract Types |
| Native American | Male | * | * |
| Asian American | Male | * | * |
| African American | Male | * | * |
| Hispanic | Male | * | * |
| Native American | Female | * | * |
| Asian American | Female | * | * |
| African American | Female | * | * |
| Hispanic | Female | * | * |
| White | Female | * | * |
| Native American | Male & Female | * | * |
| Asian American | Male & Female | * | * |
| African American | Male & Female | * | * |
| Hispanic | Male & Female | * | * |
| All MBE | Male & Female | 183 | 3.5% |
| All | Female | 115 | 2.2% |
| Disabled | Male & Female | 3 | 0.1% |
| All M/W/DSBE | Male & Female | 221 | 4.2% |
| All Firms | Male & Female | 5,241 | |

*Source: City of Philadelphia Procurement Department (2013), Econsult Solutions (2013)*
*Note: "*" denotes data unavailable or insufficient.*

For both tables, "A6" and "A7," the Procurement Department's Vendor's file from Calendar Year 2012 was utilized for consistency in analysis. As utilization data are reflective of the FY 2012 (July 1, 2011 to June 30, 2012) period, and the Procurement Department's Vendor's file is reflective of the City's list as of January 2013, we believe this dataset provides a more reliable and accurate portrayal of both M/W/DSBE availability and the disparity derived from utilization rates. However, it must be noted that the Procurement Department dataset is imperfect because it consists predominantly of firms for PW and SSE contracts and does not have as comprehensive coverage of firms for PPS contracts.

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

- Availability rates are higher if the OEO directory is used as the numerator than if Procurement Department data are used:

- MBE availability of 25.6 percent across all contract categories if the OEO directory is used, versus 3.5 percent if Procurement Department data are used.

- WBE availability of 14.7 percent across all contract categories if the OEO directory is used, versus 2.2 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 I: DISPARITY CHARTS

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

First, we can match "U1" with "A1," "A2," "A3," and "A4," because they consider the City of Philadelphia as the unit of geography (see Table I.1, Table I.2, Table I.3, and Table I.4).

**Table I.1 – FY 2012 Disparity Ratio ("D1") = Utilization ("U1") Divided by Availability ("A1"), by Contract Type and by M/W/DSBE Category (M/W/DBSE located within the City of Philadelphia)**

| Ethnicity | Gender | PW | PPS | SSE | All Contract Types (FY 2012) |
|---|---|---|---|---|---|
| White | Female | * | * | * | * |
| Native American | Male & Female | 0.00 | 0.00 | 0.00 | 0.02 |
| Asian American | Male & Female | 0.12 | 0.01 | 0.00 | 0.04 |
| African American | Male & Female | 0.04 | 0.43 | 0.01 | 0.23 |
| Hispanic | Male & Female | 0.39 | 0.45 | 0.06 | 0.32 |
| All MBE | Male & Female | 0.16 | 0.34 | 0.03 | 0.21 |
| All | Female | * | * | * | * |
| Disabled | Male & Female | * | * | * | * |
| All M/W/DSBE | Male & Female | 0.15 | 0.17 | 0.11 | 0.15 |

*Source: City of Philadelphia Office of Economic Opportunity (FY 2012), 2007 US Census Bureau Survey of Business Owners (2012), Econsult Solutions (2013)*
*Note: "*" denotes data unavailable or insufficient.*

**Table I.2 – FY 2012 Disparity Ratio ("D2") = Utilization ("U1") Divided by Availability ("A2"), by Contract Type and by M/W/DSBE Category (M/W/DBSE located within the City of Philadelphia)**

| Ethnicity | Gender | PW | PPS | SSE | All Contract Types (FY 2012) |
|---|---|---|---|---|---|
| White | Female | * | * | * | * |
| Native American | Male & Female | 0.00 | 0.00 | 0.00 | 0.35 |
| Asian American | Male & Female | 0.16 | 0.02 | 0.00 | 0.05 |
| African American | Male & Female | 0.08 | 1.32 | 0.07 | 0.69 |
| Hispanic | Male & Female | 0.00 | 1.03 | 0.32 | 2.21 |
| All MBE | Male & Female | 0.32 | 0.73 | 0.07 | 0.47 |
| All | Female | 0.15 | 0.12 | 0.41 | 0.18 |
| Disabled | Male & Female | 0.00 | 0.00 | 0.00 | 0.00 |
| All M/W/DSBE | Male & Female | 0.26 | 0.32 | 0.24 | 0.29 |

*Source: City of Philadelphia Office of Economic Opportunity (FY 2012), 2007 US Census Bureau Survey of Business Owners (2012), Econsult Solutions (2013)*
*Note: "*" denotes data unavailable or insufficient.*

**Table I.3 – FY 2012 Disparity Ratio ("D3") = Utilization ("U1") Divided by Availability ("A3"), by Contract Type and by M/W/DSBE Category (M/W/DBSE located within the City of Philadelphia)**

| Ethnicity | Gender | PW | PPS | SSE | All Contract Types (FY 2012) |
|---|---|---|---|---|---|
| White | Female | * | * | * | * |
| Native American | Male & Female | 0.00 | 0.00 | 0.00 | 0.28 |
| Asian American | Male & Female | 0.46 | 0.02 | 0.00 | 0.08 |
| African American | Male & Female | 0.20 | 2.34 | 0.02 | 0.79 |
| Hispanic | Male & Female | 2.54 | 3.59 | 0.30 | 1.86 |
| All MBE | Male & Female | 0.79 | 1.10 | 0.04 | 0.65 |
| All | Female | 0.30 | 0.18 | 0.51 | 0.29 |
| Disabled | Male & Female | 0.00 | 0.00 | 0.00 | 0.00 |
| All M/W/DSBE | Male & Female | 0.61 | 0.48 | 0.20 | 0.43 |

*Source: City of Philadelphia Office of Economic Opportunity (FY 2012), 2007 US Census Bureau Survey of Business Owners (2012), Econsult Solutions (2013)*
*Note: "*" denotes data unavailable or insufficient.*

**Table I.4 – FY 2012 Disparity Ratio ("D4") = Utilization ("U1") Divided by Availability ("A4"), by Contract Type and by M/W/DSBE Category (M/W/DBSE located within the City of Philadelphia)**

| Ethnicity | Gender | PW | PPS | SSE | All Contract Types (FY 2012) |
|---|---|---|---|---|---|
| White | Female | * | * | * | * |
| Native American | Male & Female | 0.00 | 0.00 | 0.00 | 0.00 |
| Asian American | Male & Female | 0.49 | 0.02 | 0.00 | 0.09 |
| African American | Male & Female | 0.24 | 3.38 | 0.13 | 1.74 |
| Hispanic | Male & Female | 0.00 | 5.41 | 0.62 | 9.17 |
| All MBE | Male & Female | 0.96 | 1.26 | 0.15 | 1.00 |
| All | Female | 0.30 | 0.23 | 0.54 | 0.34 |
| Disabled | Male & Female | 0.00 | 0.00 | 0.00 | 0.00 |
| All M/W/DSBE | Male & Female | 0.70 | 0.59 | 0.38 | 0.59 |

*Source: City of Philadelphia Office of Economic Opportunity (FY 2012), 2007 US Census Bureau Survey of Business Owners (2012), Econsult Solutions (2013)*
*Note: "*" denotes data unavailable or insufficient.*

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

**Table I.5 – FY 2012 Disparity Ratio ("D5") = Utilization ("U2") Divided by Availability ("A5"), by Contract Type and by M/W/DSBE Category (M/W/DBSE located within the Philadelphia MSA)**

| Ethnicity | Gender | PW | PPS | SSE | All Contract Types (FY 2012) |
|---|---|---|---|---|---|
| White | Female | * | * | * | * |
| Native American | Male & Female | 0.00 | 0.00 | 0.00 | 0.15 |
| Asian American | Male & Female | 0.00 | 0.27 | 0.01 | 0.26 |
| African American | Male & Female | 0.64 | 1.30 | 0.05 | 0.90 |
| Hispanic | Male & Female | 3.81 | 1.56 | 0.28 | 1.98 |
| All MBE | Male & Female | 1.06 | 0.85 | 0.10 | 0.74 |
| All | Female | 0.85 | 0.14 | 0.39 | 0.25 |
| Disabled | Male & Female | * | * | * | * |
| All M/W/DSBE | Male & Female | 0.94 | 0.32 | 0.26 | 0.39 |

*Source: City of Philadelphia Office of Economic Opportunity (FY 2012), 2007 US Census Bureau Survey of Business Owners (2012), Econsult Solutions (2013)*
*Note: "*" denotes data unavailable or insufficient.*

**Table I.6 – FY 2012 Disparity Ratio ("D6") = Utilization ("U2") Divided by Availability ("A6"), by Contract Type and by M/W/DSBE Category (M/W/DBSE located within the Philadelphia MSA)**

| Ethnicity | Gender | PW | PPS | SSE | All Contract Types (FY 2012) |
|---|---|---|---|---|---|
| White | Female | * | * | * | * |
| Native American | Male & Female | 0.00 | 0.00 | 0.00 | 1.34 |
| Asian American | Male & Female | 0.00 | 0.24 | 0.01 | 0.27 |
| African American | Male & Female | 2.81 | 5.47 | 0.41 | 4.28 |
| Hispanic | Male & Female | 87.26 | 3.16 | 1.02 | 6.80 |
| All MBE | Male & Female | 3.31 | 1.43 | 0.28 | 1.48 |
| All | Female | 0.78 | 0.26 | 0.62 | 0.40 |
| Disabled | Male & Female | * | * | * | * |
| All M/W/DSBE | Male & Female | 1.38 | 0.56 | 0.52 | 0.67 |

*Source: City of Philadelphia Office of Economic Opportunity (FY 2012), 2007 US Census Bureau Survey of Business Owners (2012), Econsult Solutions (2013)*
*Note: "*" denotes data unavailable or insufficient.*

**Table I.7 – FY 2012 Disparity Ratio ("D7") = Utilization ("U2") Divided by Availability ("A7"), by Contract Type and by M/W/DSBE Category (M/W/DBSE located within the Philadelphia MSA)**

| Ethnicity | Gender | PW | PPS | SSE | All Contract Types (FY 2012) |
|---|---|---|---|---|---|
| White | Female | * | * | * | * |
| Native American | Male & Female | 0.00 | 0.00 | 0.00 | 0.86 |
| Asian American | Male & Female | 0.00 | 0.27 | 0.03 | 0.38 |
| African American | Male & Female | 3.92 | 6.14 | 0.38 | 5.15 |
| Hispanic | Male & Female | 35.16 | 3.76 | 1.36 | 8.07 |
| All MBE | Male & Female | 6.11 | 1.79 | 0.44 | 2.19 |
| All | Female | 0.95 | 0.35 | 0.78 | 0.55 |
| Disabled | Male & Female | * | * | * | * |
| All M/W/DSBE | Male & Female | 1.84 | 0.74 | 0.69 | 0.95 |

*Source: City of Philadelphia Office of Economic Opportunity (FY 2012), 2007 US Census Bureau Survey of Business Owners (2012), Econsult Solutions (2013)*
*Note: "*" denotes data unavailable or insufficient.*

**Table I.8 – FY 2012 Disparity Ratio ("D8") = Utilization ("U2") Divided by Availability ("A8"), by Contract Type and by M/W/DSBE Category (M/W/DBSE located within the Philadelphia MSA)**

| Ethnicity | Gender | PW | PPS | SSE | All Contract Types (FY 2012) |
|---|---|---|---|---|---|
| White | Female | * | * | * | * |
| Native American | Male & Female | 0.00 | 0.00 | 0.00 | 0.86 |
| Asian American | Male & Female | 0.00 | 0.27 | 0.03 | 0.38 |
| African American | Male & Female | 3.92 | 6.14 | 0.38 | 5.15 |
| Hispanic | Male & Female | 405.23 | 4.69 | 2.04 | 12.70 |
| All MBE | Male & Female | 6.11 | 1.79 | 0.44 | 2.19 |
| All | Female | 0.96 | 0.41 | 0.84 | 0.61 |
| Disabled | Male & Female | * | * | * | * |
| All M/W/DSBE | Male & Female | 1.85 | 0.83 | 0.73 | 1.03 |

*Source: City of Philadelphia Office of Economic Opportunity (FY 2012), 2007 US Census Bureau Survey of Business Owners (2012), Econsult Solutions (2013)*
*Note: "*" denotes data unavailable or insufficient.*

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

**Table I.9 – FY 2012 Disparity ("D9") – Availability Rate Based on # M/W/DSBEs on the OEO Directory Divided by # All Firms on the City of Philadelphia Procurement Department Vendor List**

| Category | | All City Contracts | | |
|---|---|---|---|---|
| Ethnicity | Gender | City | MSA | All |
| Native American | Male | * | * | * |
| Asian American | Male | * | * | * |
| African American | Male | * | * | * |
| Hispanic | Male | * | * | * |
| Native American | Female | * | * | * |
| Asian American | Female | * | * | * |
| African American | Female | * | * | * |
| Hispanic | Female | * | * | * |
| White | Female | 0.2 | 0.4 | 0.6 |
| Native American | M&F | 0.1 | 0.1 | 0.7 |
| Asian American | M&F | 0.1 | 0.4 | 0.7 |
| African American | M&F | 0.4 | 0.5 | 1.0 |
| Hispanic | M&F | 0.8 | 1.3 | 1.7 |
| All MBE | M&F | 0.3 | 0.4 | 0.6 |
| Disabled | M&F | * | * | * |
| All | Female | 0.2 | 0.4 | 0.6 |
| All M/W/DSBE | M&F | 0.2 | 0.4 | 0.6 |

*Source: Econsult Solutions (2013); Utilization = OEO Annual Participation Report (FY 2012); Availability = City of Philadelphia Office of Economic Opportunity (2013), City of Philadelphia Procurement Department (2013)*
*Note: "*" denotes data unavailable or insufficient.*

**Table I.10 – FY 2012 Disparity ("D10") – Availability Based on # M/W/DSBEs on the City of Philadelphia Procurement Department Vendor List Divided by # All Firms on the City of Philadelphia Procurement Department Vendor List**

| Category | | All City Contracts | | |
|---|---|---|---|---|
| Ethnicity | Gender | City | MSA | All |
| Native American | Male | * | * | * |
| Asian American | Male | * | * | * |
| African American | Male | * | * | * |
| Hispanic | Male | * | * | * |
| Native American | Female | * | * | * |
| Asian American | Female | * | * | * |
| African American | Female | * | * | * |
| Hispanic | Female | * | * | * |
| White | Female | * | * | * |
| Native American | M&F | * | * | * |
| Asian American | M&F | * | * | * |
| African American | M&F | * | * | * |
| Hispanic | M&F | * | * | * |
| All MBE | M&F | 2.0 | 2.7 | 4.6 |
| Disabled | M&F | * | * | * |
| All | Female | 1.2 | 2.6 | 3.9 |
| All M/W/DSBE | M&F | 2.1 | 3.3 | 5.3 |

*Source: Econsult Solutions (2013); Utilization = OEO Annual Participation Report (FY 2012); Availability = City of Philadelphia Procurement Department (2013)*
*Note: "*" denotes data unavailable or insufficient.*

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

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

- The disparity ratio in the Philadelphia MSA is 0.6 for MBEs and 0.6 for WBEs, if the OEO directory is used as the numerator of the availability rate.

- The disparity ratio in the Philadelphia MSA 4.6 for MBEs and 3.9 for WBEs, if the Procurement Department data are used as the numerator of the availability rate.

Finally, we can express our main form of disparity ratio ("D6"), with our main form of utilization rate ("U2") and availability rate ("A6"), for each M/W/DSBE category (see Tables I.11 to I.18).

**Table I.11– FY 2012 Utilization ("U2"), Availability ("A6"), and Disparity ("D6") for OEO-Registered White Females**

| | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types |
|---|---|---|---|---|
| U2 | 6.3% | 2.4% | 7.0% | 4.3% |
| A6 | * | * | * | * |
| D6 | * | * | * | * |

*Source: Econsult Solutions (2013); Utilization = OEO Annual Participation Report (FY 2012); Availability = 2007 US Census Bureau Survey of Business Owners (2012)*
*Note: "*" denotes data unavailable or insufficient.*

**Table I.12 – FY 2012 Utilization ("U2"), Availability ("A6"), and Disparity ("D6") for OEO-Registered Native Americans**

| | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types |
|---|---|---|---|---|
| U2 | 0.0% | 1.6% | 0.5% | 2.5% |
| A6 | 0.0% | 0.0% | 0.0% | 0.0% |
| D6 | 0.00 | 0.01 | 0.00 | 0.00 |

*Source: Econsult Solutions (2013); Utilization = OEO Annual Participation Report (FY 2012); Availability = 2007 US Census Bureau Survey of Business Owners (2012)*

**Table I.13 – FY 2012 Utilization ("U2"), Availability ("A6"), and Disparity ("D6") for OEO-Registered Asian Americans**

| | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types |
|---|---|---|---|---|
| U2 | 0.0% | 1.1% | 0.0% | 0.8% |
| A6 | 0.4% | 4.4% | 2.5% | 3.0% |
| D6 | 0.00 | 0.24 | 0.01 | 0.27 |

*Source: Econsult Solutions (2013); Utilization = OEO Annual Participation Report (FY 2012); Availability = 2007 US Census Bureau Survey of Business Owners (2012)*

**Table I.14 – FY 2012 Utilization ("U2"), Availability ("A6"), and Disparity ("D6") for OEO-Registered African Americans**

| | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types |
|---|---|---|---|---|
| U2 | 2.7% | 9.6% | 0.4% | 6.1% |
| A6 | 1.0% | 1.8% | 1.0% | 1.4% |
| D6 | 2.81 | 5.47 | 0.41 | 4.28 |

*Source: Econsult Solutions (2013); Utilization = OEO Annual Participation Report (FY 2012); Availability = 2007 US Census Bureau Survey of Business Owners (2012)*

**Table I.15 – FY 2012 Utilization ("U2"), Availability ("A6"), and Disparity ("D6") for OEO-Registered Hispanics**

| | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types |
|---|---|---|---|---|
| U2 | 6.0% | 1.6% | 0.5% | 2.5% |
| A6 | 0.1% | 0.5% | 0.4% | 0.4% |
| D6 | 87.26 | 3.16 | 1.02 | 6.80 |

*Source: Econsult Solutions (2013); Utilization = OEO Annual Participation Report (FY 2012); Availability = 2007 US Census Bureau Survey of Business Owners (2012)*

**Table I.16 – FY 2012 Utilization ("U2"), Availability ("A6"), and Disparity ("D6") for All OEO-Registered MBEs**

| | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types |
|---|---|---|---|---|
| U2 | 9.6% | 12.5% | 1.3% | 9.6% |
| A6 | 2.9% | 8.8% | 4.8% | 6.5% |
| D6 | 3.31 | 1.43 | 0.28 | 1.48 |

*Source: Econsult Solutions (2013); Utilization = OEO Annual Participation Report (FY 2012); Availability = 2007 US Census Bureau Survey of Business Owners (2012)*

**Table I.17 – FY 2012 Utilization ("U2"), Availability ("A6"), and Disparity ("D6") for All OEO-Registered WBEs**

| | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types |
|---|---|---|---|---|
| U2 | 6.7% | 4.6% | 7.1% | 5.6% |
| A6 | 8.5% | 18.0% | 11.4% | 14.2% |
| D6 | 0.78 | 0.26 | 0.62 | 0.40 |

*Source: Econsult Solutions (2013); Utilization = OEO Annual Participation Report (FY 2012); Availability = 2007 US Census Bureau Survey of Business Owners (2012)*

**Table I.18 – FY 2012 Utilization ("U2"), Availability ("A6"), and Disparity ("D6") for All OEO-Registered M/W/DSBEs**

| | FY 12 PW | FY 12 PPS | FY 12 SSE | FY 12 All Contract Types |
|---|---|---|---|---|
| U2 | 15.8% | 14.9% | 8.3% | 13.9% |
| A6 | 11.4% | 26.7% | 16.1% | 20.7% |
| D6 | 1.38 | 0.56 | 0.52 | 0.67 |

*Source: Econsult Solutions (2013); Utilization = OEO Annual Participation Report (FY 2012); Availability = 2007 US Census Bureau Survey of Business Owners (2012)*

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

**Table J.1 – FY 2011 Contracts with Few or No Opportunity, as Determined by Office of Economic Opportunity**

| CONTRACT # | DESCRIPTION | NAICS | AMOUNT |
|---|---|---|---|
| PPS CONTRACTS: 20 Contracts Totaling $91,942,782 | | | |
| OFFICE OF INNOVATION AND TECHNOLOGY | | | |
| 0920502-05 | Software Development Consulting, Parcel Viewer & Stormwater Rates Admn. Mgmnt. Sys. | 54 | $ 687,695 |
| DEPARTMENT OF HUMAN SERVICES | | | |
| 0920144-12 | Placement Services - Treatment Foster Care | 62 | $ 4,769,180 |
| 0920238-07 | Reintegration Services | 62 | $ 1,022,250 |
| 0920230-03 | Institutional Care Dependent Care | 62 | $ 492,525 |
| 1120291-01 | Placement Services - Treatment Foster Care | 62 | $ 417,049 |
| 1020412-03 | Reintegration Services | 62 | $ 387,300 |
| DEPARTMENT OF HUMAN SERVICES – COURT APPOINTED CONTRACTORS | | | |
| 0920184-08 | Institutional Care Dependent Care | 62 | $ 8,960,911 |
| 0920150-06 | Community Based Detention Shelters | 62 | $ 5,658,994 |
| 0920203-05 | Placement services - Treatment Foster Care | 62 | $ 5,620,069 |
| 0920254-05 | Community Based Detention Shelters | 62 | $ 2,904,873 |
| 0920202-06 | Placement Services - Treatment Foster Care | 62 | $ 8,054,777 |
| 0920149-05 | Community Based Detention Shelters Long Term Care | 62 | $ 80,059 |
| 0920179-10 | Institutional Care Dependent Care Dependents | 62 | $14,422,309 |
| 0920182-11 | Institutional Care Dependent Care Dependents | 62 | $ 266,346 |
| 0920236-05 | Reintegration Services | 62 | $ 504,625 |
| 0920237-04 | Reintegration Services | 62 | $ 558,645 |
| MANAGING DIRECTOR'S OFFICE | | | |
| 1120378-01 | PPL EnergyPlus, LLC | 22 | $34,417,490 |
| POLICE | | | |

| CONTRACT # | DESCRIPTION | NAICS | AMOUNT |
|---|---|---|---|
| 1120128-01 | Quantitative Analysis of Drug and Alcohol in the Blood & Urine | 54 | $ 710,000 |
| PRISONS | | | |
| 1020144-02 | Inmate Housing | 54 | $ 1,750,000 |
| WATER DEPARTMENT | | | |
| 0520188-09 | Streamflow Maintenance | 54 | $ 257,685 |
| SSE CONTRACTS: 4 Contracts Totaling $1,177,601 | | | |
| FLEET MANAGEMENT | | | |
| 120100 | Trailer, refuse, Rear Loading | 33 | $ 824,444 |
| 120163 | Van, Various Configurations | 33 | $ 269,244 |
| 120102 | Horse Trailer -2 Horse Bumper Hitch | 33 | $ 30,001 |
| WATER DEPARTMENT | | | |
| 120076 | Integrated Predictive Maintenance Service | 99 | $ 53,912 |
| | | | TOTAL = 24 Contracts Totaling $93,120,383 |

*Source: City of Philadelphia Office of Economic Opportunity (2012), Econsult Solutions (2013)*

**Table J.2 – FY 2012 Contracts with Few or No Opportunity, as Determined by Office of Economic Opportunity**

| CONTRACT # | DESCRIPTION | NAICS | AMOUNT |
|---|---|---|---|
| PPS CONTRACTS: 34 Contracts Totaling $107,862,155 | | | |
| OFFICE OF INNOVATION AND TECHNOLOGY | | | |
| 0920502-05 | Software Development Consulting, Parcel Viewer & Stormwater Rates Admn. Mgmnt. Sys. | 54 | $ 687,695 |
| HEALTH, DEPARTMENT OF PUBLIC | | | |
| 0920839-04 | HIV/AIDS medication for low income persons | 54 | $ 1,121,840 |
| 0920474-03 | Medical specialty services for uninsured patients of the health care centers. | 62 | $ 347,858 |
| DEPARTMENT OF HUMAN SERVICES | | | |
| 0920144-12 | Placement Services - Treatment Foster Care | 62 | $ 4,769,180 |
| 0920144-15 | Placement Services - Treatment Foster Care | 62 | $ 2,500,000 |

| CONTRACT # | DESCRIPTION | NAICS | AMOUNT |
|---|---|---|---|
| 0920238-07 | Reintegration Services | 62 | $ 1,022,250 |
| 0920230-03 | Institutional Care Dependent Care | 62 | $ 492,525 |
| 1120291-01 | Placement Services - Treatment Foster Care | 62 | $ 417,049 |
| 1020412-03 | Reintegration Services | 62 | $ 387,300 |
| DEPARTMENT OF HUMAN SERVICES – COURT APPOINTED CONTRACTORS | | | |
| 0920184-08 | Institutional Care Dependent Care | 62 | $ 8,960,911 |
| 0920150-06 | Community Based Detention Shelters | 62 | $ 5,658,994 |
| 0920203-05 | Placement Services - Treatment Foster Care | 62 | $ 5,620,069 |
| 0920254-05 | Community Based Detention Shelters | 62 | $ 2,904,873 |
| 0920209-05 | Institutional Care Dependent Care | 62 | $ 675 |
| 0920202-06 | Placement Services - Treatment Foster Care | 62 | $ 8,054,777 |
| 0920150-08 | Community Based Detention Shelters | 62 | $ 1,437,500 |
| 0920149-05 | Community Based Detention Shelters Long Term Care | 62 | $ 80,059 |
| 0920179-10 | Institutional Care Dependent Care Dependents | 62 | $14,422,309 |
| 0920182-11 | Institutional Care Dependent Care Dependents | 62 | $ 266,346 |
| 0920236-05 | Reintegration Services | 62 | $ 504,625 |
| 0920146-08 | Placement Services - Treatment Foster Care | 62 | $ 32,754 |
| 0920182-12 | Institutional Care | 62 | $ 913,606 |
| 0920146-09 | Placement Services - Treatment Foster Care | 62 | $ 29,000 |
| 0920146-10 | Placement Services - Treatment Foster Care | 62 | $ 36,140 |
| 0920236-06 | Reintegration Services | 62 | $ 50,000 |
| 0920237-04 | Reintegration Services | 62 | $ 558,645 |
| MANAGING DIRECTOR'S OFFICE | | | |
| 1120378-01 | PPL EnergyPlus, LLC | 22 | $34,417,490 |
| POLICE | | | |
| 1120128-01 | Quantitative Analysis of Drug and Alcohol in the Blood & Urine | 54 | $ 710,000 |
| PRISONS | | | |
| 1020144-02 | Inmate Housing | 54 | $ 1,750,000 |

| CONTRACT # | DESCRIPTION | NAICS | AMOUNT |
|---|---|---|---|
| 1020144-03 | Inmate Housing | 54 | $ 250,000 |
| 1120372-01 | Inmate Housing | 54 | $ 5,900,000 |
| 0820583-03 | Inmate Housing | 54 | $ 250,000 |
| 0820583-04 | Inmate Housing | 54 | $ 3,050,000 |
| WATER DEPARTMENT | | | |
| 0520188-09 | Streamflow Maintenance | 54 | $ 257,685 |
| CITY WIDE SSE CONTRACTS: 22 Contracts Totaling $53,482,434 | | | |
| 120074 | Pharmacy Supplies Sch 998 | 42 | $ 7,534,000 |
| 120061 | Water Treatment Chemicals; Schedule 60 | 54 | $ 6,634,806 |
| 120055 | Water Treatment Chemicals; Schedule 60 | 54 | $ 6,223,060 |
| 120051 | Water Treatment Chemicals; Schedule 60 | 54 | $ 2,211,520 |
| 120060 | Water Treatment Chemicals; Schedule 60 | 54 | $ 2,022,209 |
| 120052 | Water Treatment Chemicals; Schedule 60 | 54 | $ 1,686,077 |
| 120071 | Rock Salt Sch 60-01 | 21 | $ 1,662,850 |
| 120056 | Water Treatment Chemicals; Schedule 60 | 54 | $ 1,133,822 |
| 120062 | Water Treatment Chemicals; Schedule 60 | 54 | $ 1,024,520 |
| 120025 | Lubricants, Oils (Recycled and Virgin) and Greases; Schedule 55 | 32 | $ 609,391 |
| 120053 | Water Treatment Chemicals; Schedule 60 | 54 | $ 582,360 |
| 120057 | Water Treatment Chemicals; Schedule 60 | 54 | $ 472,388 |
| 120075 | Pharmacy Supplies Sch 998 | 42 | $ 400,000 |
| 120058 | Water Treatment Chemicals; Schedule 60 | 54 | $ 285,950 |
| 120107 | Maintenance of Pitney Bowes Equipment; Schedule 104-02 | 81 | $ 267,971 |
| 120120 | Repair and Replacement of Hydraulic Lifts, Repair Service of Jacks, Tire Changing Machines, A/C Machines & Heavy Duty Shop Presses | 33 | $ 260,960 |
| 120059 | Water Treatment Chemicals; Schedule 60 | 54 | $ 167,875 |
| 120070 | Rock Salt Sch 60-01 | 21 | $ 70,278 |
| 120072 | Rock Salt Sch 60-01 | 21 | $ 30,001 |

| CONTRACT # | DESCRIPTION | NAICS | AMOUNT |
|---|---|---|---|
| 120054 | Water Treatment Chemicals; Schedule 60 | 54 | $ 30,000 |
| 120208 | Jet Fuel Sch 43-02 | 32 | $ 172,395 |
| 120144 | Reformulated Gasoline and Bio Diesel Fuel; Schedule 43 | 33 | $ 20,000,000 |
| SSE CONTRACTS: 4 Contracts Totaling $1,177,601 | | | |
| Fleet Management | | | |
| 120100 | Trailer, refuse, Rear Loading | 33 | $ 824,444 |
| 120163 | Van, Various Configurations | 33 | $ 269,244 |
| 120102 | Horse Trailer -2 Horse Bumper Hitch | 33 | $ 30,001 |
| WATER DEPARTMENT | | | |
| 120076 | Integrated Predictive Maintenance Service | 99 | $ 53,912 |
| | | | TOTAL = 60 Contracts Totaling $162,522,189 |

*Source: City of Philadelphia Office of Economic Opportunity (2012), Econsult Solutions (2013)*

## APPENDIX K: LIST OF ACRONYMS FOR REFERENCE

| | |
|---|---|
| CEP | Philadelphia International Airport's Capacity Enhancement Program |
| DJMA | DJ Miller & Associates |
| DSBE(s) | Disabled Business Enterprise(s) |
| EOP | Economic Opportunity Plans |
| EORC | City of Philadelphia Economic Opportunity Review Committee |
| FY | Fiscal Year |
| L&I | Licenses and Inspections, Department of |
| M/W/DSBE(s) | Collective name for Minority, Women, and Disabled Business Enterprise(s) |
| MBE(s) | Minority Business Enterprise(s) |
| MPO | Miscellaneous Purchase Orders contract |
| MSA | Philadelphia Metropolitan Statistical Area |
| NAICS | North American Industry Classification System |
| OEO | City of Philadelphia Office of Economic Opportunity |
| OHCD | City of Philadelphia Office of Housing & Community Development |
| OSH | City of Philadelphia Office of Supportive Housing |
| PPS | Personal and Professional Services contract |
| PW | Public Works contract |
| Q1 | Quarter 1 or 1st Quarter |
| RWA | "Ready, willing and able" firms |
| SBO | US Census Survey of Business Owners |
| SEPTA | Southeastern Pennsylvania Transportation Authority |
| SMOBE/SWOBE | US Census Bureau Survey of Minority- and Women-Owned Business Enterprises |
| SOP | Small Order Purchases contract |
| SSE | Supplies, Services, and Equipment contract |
| WBE(s) | Women Business Enterprise(s) |