

# ANNUAL DISPARITY STUDY

FISCAL  
YEAR  
2018

**CITY OF PHILADELPHIA**

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OFFICE OF ECONOMIC  
OPPORTUNITY



Department of  
**Commerce**

CITY OF PHILADELPHIA

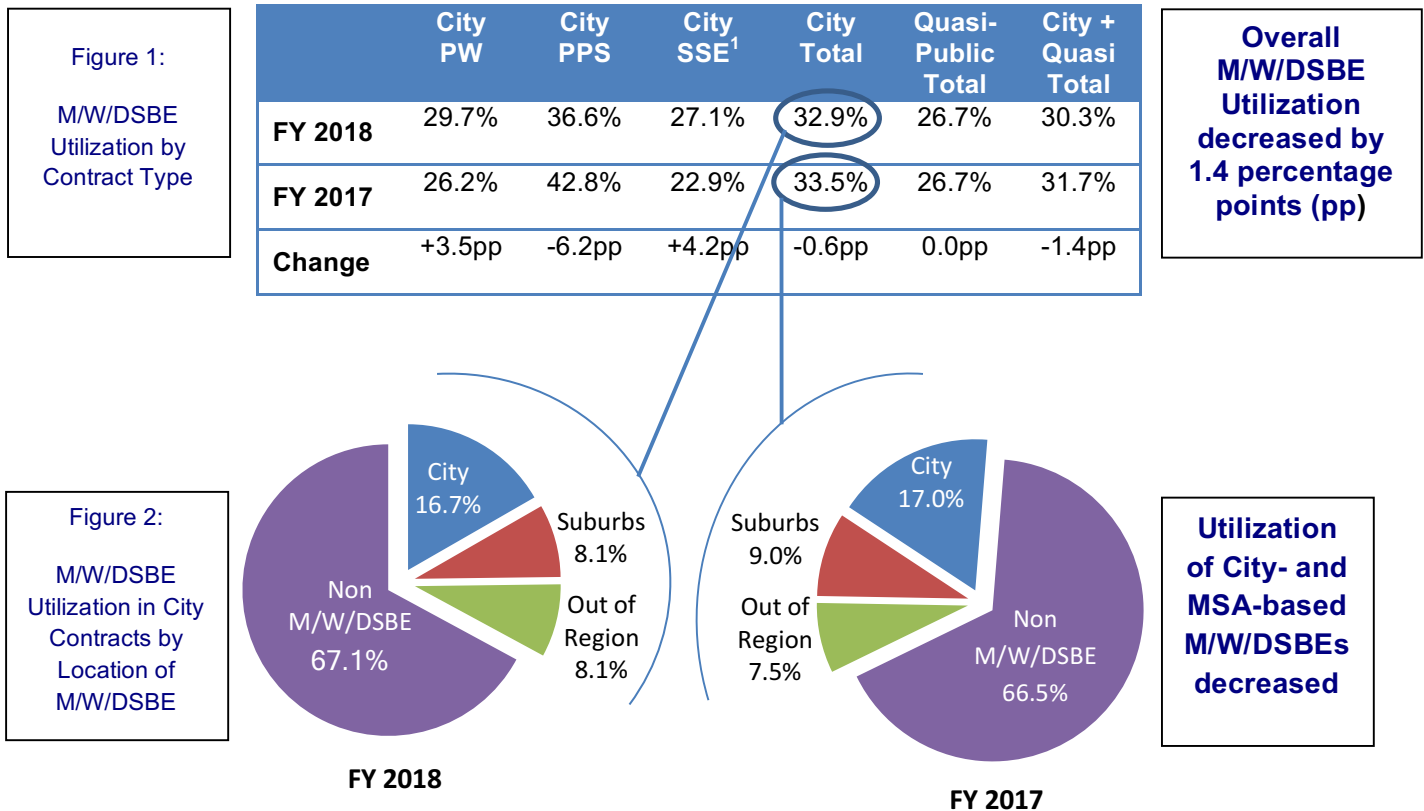


# FY 2018 Disparity Study and Related Analyses for the City of Philadelphia

Econsult Solutions, Inc. and Milligan & Company, LLC are pleased to submit the Annual Disparity Study and related analyses for FY 2018 to the City of Philadelphia. This effort resulted in three reports: (1) a **Disparity Study** that analyzed the City’s utilization of M/W/DSBEs relative to the availability of such firms to compete for City business, (2) an **EOP Analysis** that analyzed actual usage levels of M/W/DSBEs on EOPs relative to commitment levels, and (3) an **EOP Employment Analysis** that analyzed the distribution of EOP employment hours to minorities and women relative to their availability in the labor market. These three reports were submitted in May 2019 and are publicly available.

## DISPARITY STUDY

The FY 2018 Disparity Study analyzed \$1.45 billion in City and quasi-public contracts. 30.3 percent of this spending (\$441 million) went to M/W/DSBEs, down from 31.7 percent (\$310 million out of \$976 million) in FY 2017. M/W/DSBE Utilization divided by M/W/DSBE Availability at the Philadelphia MSA level yielded a Disparity Ratio of 1.00, representing overall parity between M/W/DSBE utilization and availability. A greater proportion of City contract dollars went to M/W/DSBE primes: 14.5 percent (\$123 million) versus 12.9 percent (\$94.5 million) in FY 2017.



<sup>1</sup> The SSE category in this analysis includes City-wide contracts.

Figure 3:  
% City Contract \$ Primed by M/W/DSBEs

**More contract \$ were primed by M/W/DSBEs**

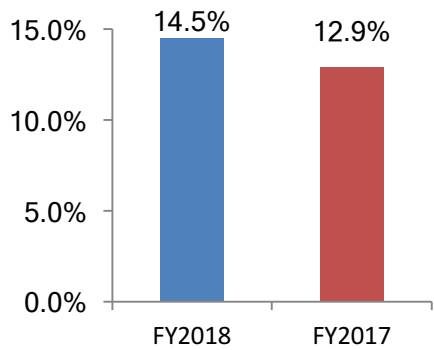


Figure 4:  
Average City Contract Size for M/W/DSBE Primes

**M/W/DSBEs primed larger contracts**

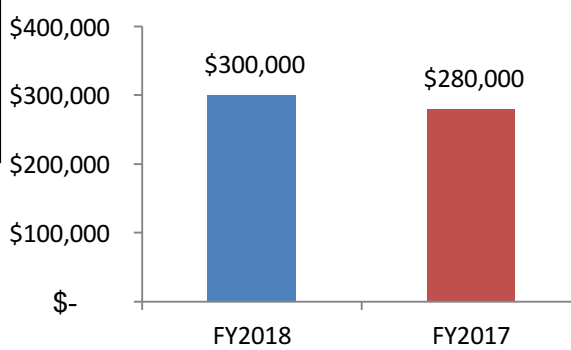
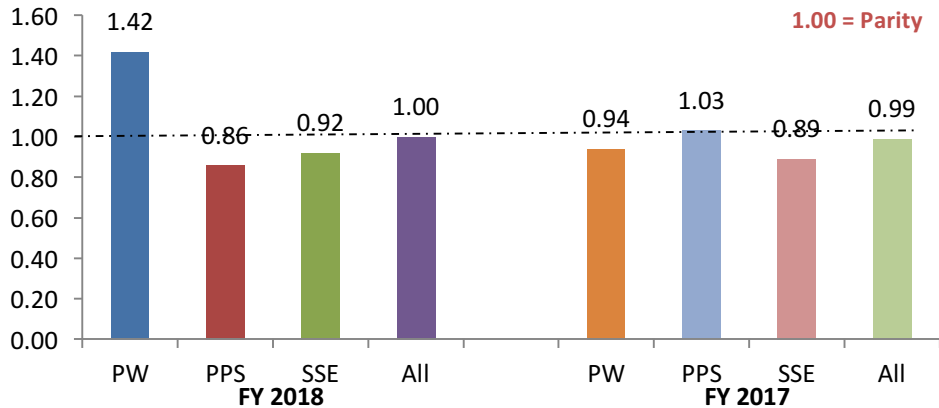
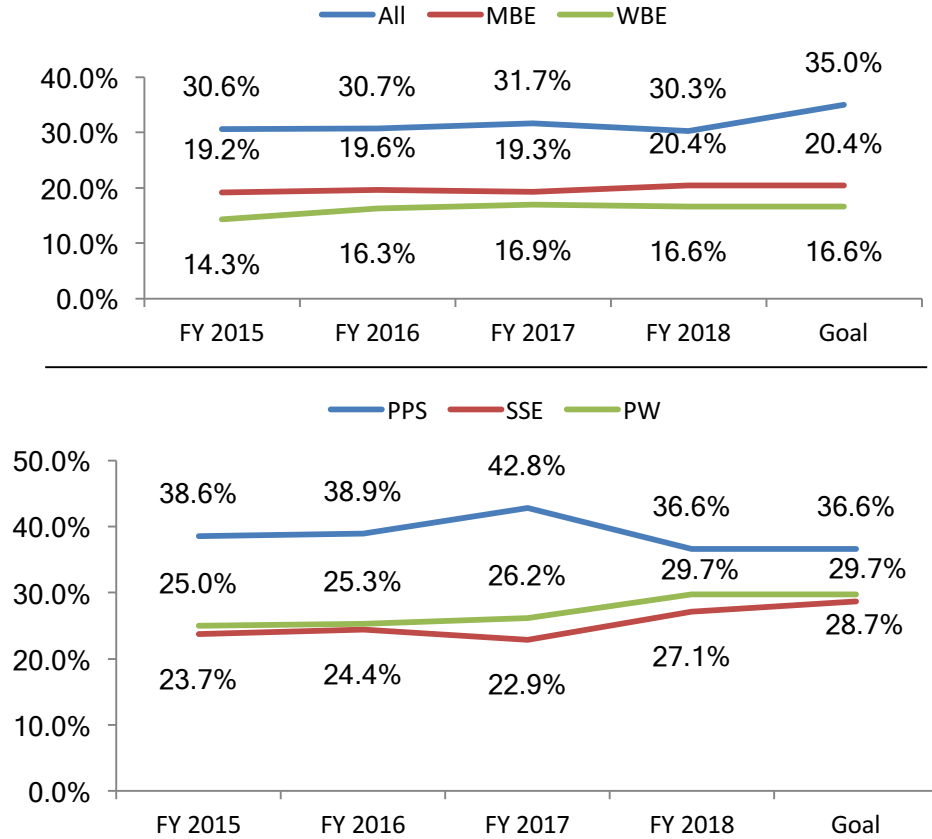


Figure 5:  
Disparity Ratios by Contract Type



**The overall disparity ratio reached parity in FY 2018.**

Figure 6 & 7:  
Historical and Recommended Utilization Levels (by owner and contract type)



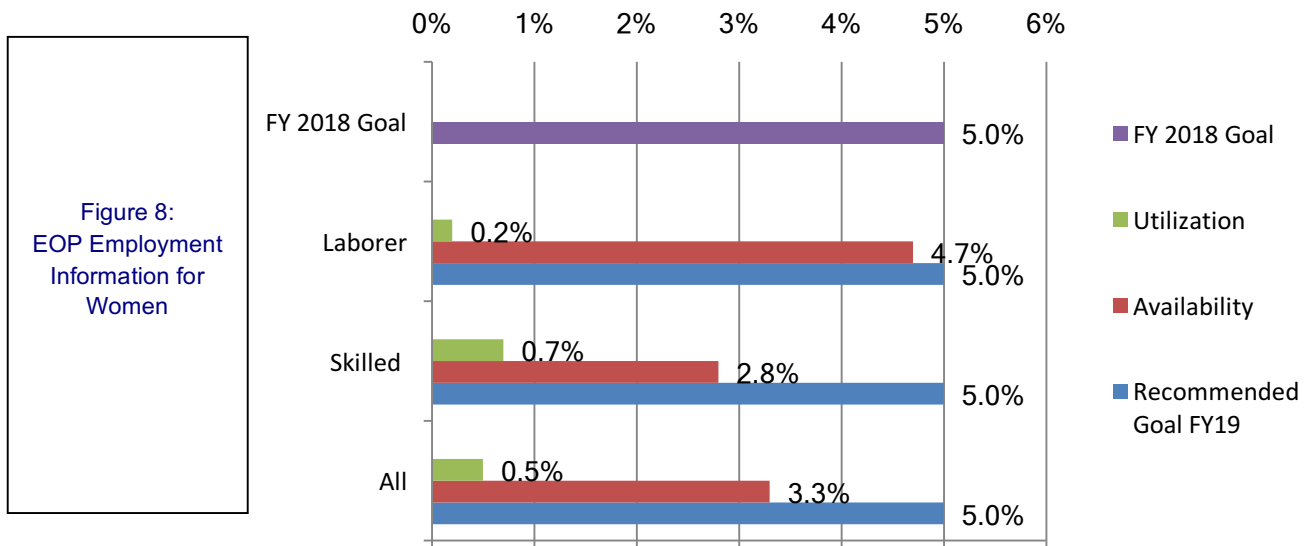
**Overall, M/W/DSBE utilization decreased in FY 2018 from FY 2017.**

**PPS utilization levels decreased in FY 2018, but SSE and PW rates increased.**

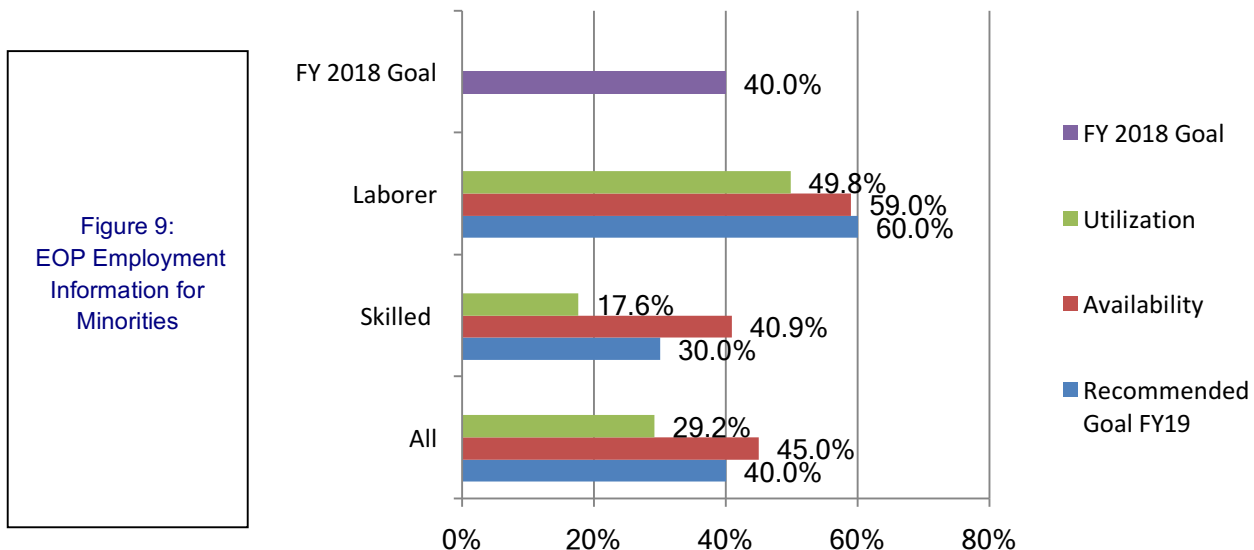
**Recommended goals have been set based on current and historical utilization and availability rates.**

## EOP EMPLOYMENT ANALYSIS

The FY 2018 EOP Employment Analysis examined over 677,000 employment hours on EOPs active between July 1, 2017 and June 30, 2018 using the City's LCP Tracker dataset. Availability was calculated using ACS 2006-2010 EEO Census data. A main purpose of this analysis was to marshal the appropriate utilization and availability data to set goals in a more informed manner.



**Female utilization was 0.5 percent (3,570 out of 677,455 hours), down from FY 2017 (0.7 percent or 6,041 out of 887,226 hours). However, availability suggests a 5 percent goal is achievable.**

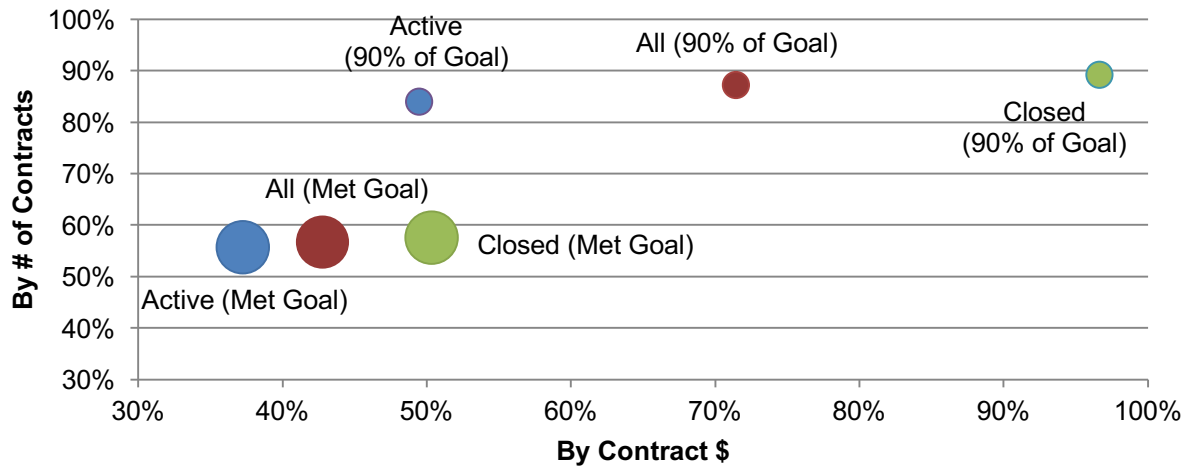


**Minority utilization was 29.2 percent (197,821 out of 677,455 hours). But, it was higher for Laborer hours (49.8 percent or 121,302 out of 243,483 hours) than Skilled hours (17.6 percent or 76,519 out of 433,972 hours). Availability estimates suggest that both utilization levels can be increased, so participation goals have been set accordingly.**

## EOP ANALYSIS

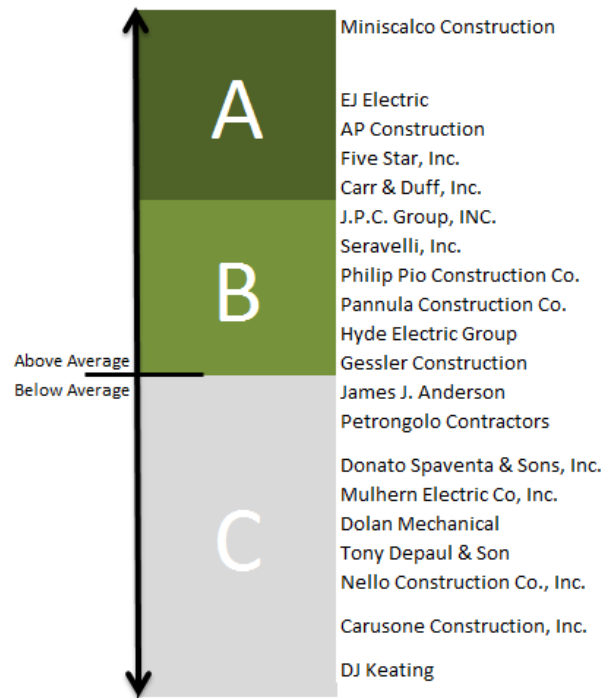
The FY 2018 EOP Analysis examined the 738 active and closed EOPs that reported data between July 1, 2017 and June 30, 2018, and ranked each EOP and each prime contractor based on actual usage of M/W/DSBEs relative to commitment levels.

Figure 10:  
EOP Goal  
Achievement by  
Status



**By number of contracts, 57 percent of all EOPs met or exceeded their commitment levels for sub-contracting to M/W/DSBEs. Further, 87 percent of EOPs, representing about 71 percent of aggregate contract dollars, met or exceeded 90 percent of their commitment levels, which was an increase from FY 2017.**

Figure 11:  
Prime EOP  
Ranking by  
Z-Score



**The 20 prime contractors with nine or more EOPs were assigned a grade based on their performance relative to averages and controlling for different EOP characteristics such as department, contract size, and commitment level. The visual above shows how they rank from top (most above average) to bottom (most below average) based on this statistical analysis.**

## **GLOSSARY**

Availability	% of businesses that can do business with the City that are M/W/DSBE
Disparity	Utilization divided by Availability
DSBE	Disabled Business Enterprise
EOP	Economic Opportunity Plan
FY	Fiscal Year
Laborer	Work hours not assigned to a Skilled trade
MBE	Minority Business Enterprise
MSA	Metropolitan Statistical Area
M/W/DSBE	MBEs + WBEs + DSBEs
OEO	Office of Economic Opportunity
PPS	Personal and Professional Services
PW	Public Works
Skilled	Work hours assigned to one of 30 trades (e.g. electrician, carpenter)
SSE	Services, Supplies, and Equipment
Utilization	% of contract dollars that go to M/W/DSBEs
WBE	Women Business Enterprise
SBO	Survey of Business Owners
ACS EEO	American Community Survey Equal Employment Opportunity

## **DATA SOURCES**

Disparity Study: FY 2018 OEO Participation Report, OEO Registry as of January 2019, Survey of Business Owners 2012

EOP Employment Analysis: City of Philadelphia LCP Tracker, ACS EEO Tabulation Census 2006-2010

EOP Analysis: FY 2018 OEO EOP Contract List

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