

# ANNUAL DISPARITY STUDY

FISCAL  
YEAR  
2019

## CITY OF PHILADELPHIA

OFFICE OF ECONOMIC  
OPPORTUNITY



Department of  
**Commerce**

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## ANNUAL DISPARITY STUDY AND PARTICIPATION GOALS 17-1500 PHILADELPHIA CODE

### INTRODUCTION and FISCAL YEAR 2021 GOAL

The Philadelphia Home Rule Charter was amended in 2006 to require the Finance Director to file an “Annual Disparity Study” and devise “Annual Participation Goals” for the upcoming City Fiscal Year (July 1 – June 30). This requirement was codified in Chapter 17-1500 of The Philadelphia Code, “Annual Disparity Study and Participation Goals” which provided further guidance for the Finance Director. This included a formula to determine participation rates for minority-, women-, and disabled-owned business enterprises (M/W/DSBEs) on for-profit City contracts.

Unlike traditional disparity studies that are required to support race-conscious remedial programs subject to strict constitutional scrutiny [City of Richmond v. J. A. Croson Company, 488 U.S. 469 (1989)], the City’s Office of Economic Opportunity (OEO) program is *forward looking*, and seeks to eradicate present-day discrimination by removing barriers for M/W/DSBE’s, employing race and gender neutral strategies as practicable and leveling the playing field for all businesses to participate in City contracting. This annual study requires an analysis of City for-profit spend each fiscal year. The Ordinance contains the following formula:

#### § 17-1503. Mandatory Formulas Required in Calculating Participation Rates.

(1) In conducting the Annual Disparity Study and calculating participation percentages, the Finance Director shall use the following formula to determine the percentage of contracts awarded to Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs), and Disabled Business Enterprises (DSBEs) (collectively known as M/W/DSBEs): the total dollar value of contracts awarded to for-profit M/W/DSBE prime contractors and subcontractors registered by the City’s Office of Economic Opportunity (the numerator) divided by the dollar value of all City contracts awarded to all for-profit prime contractors and subcontractors (the denominator).

This formula is applied to data from the OEO Fiscal Year 2019 (July 2018 – June 2019) Annual Report (“2019 Annual Report”). This report is an annual compilation of contract awards made by both the City and quasi-public agencies. For the purpose of focusing on M/W/DSBE achievement, dollars reported exclude “Few or None,” those dollars associated with City contracts for which there are currently no M/W/DSBE firms available to provide goods and services. As indicated in the 2019 Annual Report, 36 percent of the City’s for-profit spend was committed to M/W/DSBE’s.

For purposes of compliance with Chapter 17-1500, the calculation of participation rates must include all City for-profit dollars, with no exclusions for “few or none”: *No contract that falls within the definition of the denominator in either subsection (1) or subsection (2) shall be excluded from the relevant calculation.*[§17-1503 (3)].

Therefore, applying this formula with no City dollars excluded from the denominator, M/W/DSBE's achieved, through prime and subcontracting, **31 percent** of the City's for-profit spend in Fiscal Year 2019. Total City for-profit spend in Fiscal Year 2019 was \$821,570,910 on goods and services with \$256,000,594 committed to M/W/DSBE's<sup>1</sup> participating at the prime and subcontracting levels. 20.37 percent of City dollars were committed to MBE's and 10.79 percent committed to WBE's. See Table 1 for further explanation.

**Table 1 – For Profit Spend: City and Quasi Agencies**

CITY CONTRACTING CATEGORIES	TOTAL			MBE		WBE		DSBE		TOTAL	
	AMOUNT	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	PARTICIPATION	%
PW	\$243,671,444	\$40,389,645	16.58%	\$25,281,586	10.38%	\$0	0.00%	\$65,671,231	26.95%		
SSE	\$57,140,861	\$2,133,143	3.73%	\$14,228,839	24.90%	\$0	0.00%	\$16,361,982	28.63%		
PPS	\$469,032,354	\$123,200,446	26.27%	\$47,888,289	10.21%	\$17,500	0.00%	\$171,106,235	36.48%		
MPO	\$5,153,861	\$334,250	6.49%	\$587,316	11.40%	\$0	0.00%	\$921,566	17.88%		
SOP	\$7,886,855	\$760,144	9.64%	\$480,307	6.09%	\$0	0.00%	\$1,240,450	15.73%		
SUB TOTAL	\$782,885,375	\$166,817,627	21.31%	\$88,466,337	11.30%	\$17,500	0.00%	\$255,301,464	32.61%		
CITY WIDE SSE	\$38,685,535	\$514,674	1.33%	\$184,456	0.48%	\$0	0.00%	\$699,130	1.81%		
LESS FEW OR NO	\$0	\$0		\$0							
NET CITYWIDE	\$38,685,535	\$514,674	1.39%	\$184,456	0.50%	\$0	0.00%	\$699,130	1.89%		
CITY TOTAL	\$821,570,910	\$167,332,301	20.37%	\$88,650,793	10.79%	\$17,500	0.00%	\$256,000,594	31.16%		
<b>QUASI-GOVERNMENT AGENCIES</b>											
PIDC	\$9,395,260	\$728,866	7.76%	\$2,959,425	31.50%	\$0	0.00%	\$3,688,291	39.26%		
PHDC	\$91,375,450	\$25,516,086	27.92%	\$38,952,159	42.63%	\$0	0.00%	\$64,468,245	70.55%		
PRDA	\$1,112,463,017	\$200,243,343	18.00%	\$77,872,411	7.00%	\$0	0.00%	\$278,115,754	25.00%		
QUASI TOTAL	\$1,213,233,727	\$226,488,295	18.67%	\$119,783,995	9.87%	\$0	0.00%	\$346,272,290	28.54%		
CITY & QUASI TOTAL	\$2,034,804,637	\$393,820,596	19.35%	\$208,434,788	10.24%	\$17,500	0.00%	\$602,272,884	29.60%		

In devising the Annual Participation Goal for Fiscal Year 2021, consideration was given to the distribution of City for-profit spend across the various categories of OEO registered firms: Businesses owned by African Americans, Hispanic Americans, Asian Americans, Native Americans, women and disabled persons.<sup>2</sup> Please refer to *Table 2* for further explanation.

<sup>1</sup> These dollar amounts are reported as “committed” which means that they represent, for M/W/DSBEs performing as subcontractors, a binding commitment made by the prime contractor at the time of contract award; data on actual dollars received as payments by M/W/DSBE subcontractors is currently unavailable across all contracting categories.

<sup>2</sup> In the category of “WBE,” businesses owned by Minority Women are not counted under this category but are counted as “MBE” to avoid double counting. Any woman owned business counted as WBE is owned by a non-Minority individual.



**Table 2 – City-Only Contracting Categories: Ethnicity Breakdown**

	TOTAL	MBE	African American	Hispanic	Asian American	Native American	WBE	DSBE	Total M/W/DSBE
PW	\$243,671,444	\$40,389,645	\$17,827,829	\$8,773,679	\$11,993,055	\$0	\$25,281,586	\$0	\$65,671,231
		16.58%	8.00%	5.30%	3.80%	0.00%	10.38%	0.00%	26.95%
PPS	\$469,032,354	\$123,200,446	\$95,213,568	\$12,663,874	\$13,601,938	\$2,345,162	\$47,888,289	\$17,500	\$171,106,235
		26.27%	20.30%	2.70%	2.80%	0.50%	10.21%	0.00%	36.48%
SSE	\$57,140,861	\$2,133,143	\$1,923,284	\$209,859	\$0	\$0	\$14,228,839	\$0	\$16,361,982
		3.73%	3.37%	0.37%	0.00%	0.00%	24.90%	0.00%	28.63%
MPO	\$5,153,861	\$334,250	\$0	\$0	\$0	\$0	\$587,316	\$0	\$921,566
		6.49%	0.00%	0.00%	0.00%	0.00%	11.40%	0.00%	17.88%
SOP	\$7,886,855	\$760,144	\$0	\$0	\$0	\$0	\$480,307	\$0	\$1,240,450
		9.64%	0.00%	0.00%	0.00%	0.00%	6.09%	0.00%	15.73%
CITYWIDE SSE	\$38,685,535	\$514,674	\$0	\$0	\$0	\$0	\$184,456	\$0	\$699,130
		1.39%	0.00%	0.00%	0.00%	0.00%	0.50%	0.00%	1.89%
TOTAL	\$821,570,910	\$167,332,301	\$114,964,681	\$21,647,412	\$25,594,993	\$2,345,162	\$88,650,793	\$17,500	\$256,000,594

While Section 17-1502(2) requires consideration of two separate contract categories<sup>3</sup>, the additional City contract categories for supplies, services and small contracts which account for \$108,867,112 of City for-profit spend were also considered in the development of the Fiscal Year 2021 Goal.

Fiscal Year 2019 total City spend for Public Works was \$243,671,444 with \$40,389,645 or 16.58 percent awarded to MBE's and \$25,281,586, or 10.38 percent awarded to WBE's. For Professional Services, Fiscal Year 2019 total City spend was \$469,032,354 with \$123,200,446, or 26.27 percent awarded to MBE's and \$47,888,289, or 10.21 percent awarded to WBEs.

In devising the Fiscal Year 2021 Annual Participation Goal, OEO reviewed previous Fiscal Year Annual Reports and Annual Disparity Studies and worked with Miller<sup>3</sup> Consulting, Inc., (referred to as "Miller<sup>3</sup>," "M<sup>3</sup>Consulting" or "M<sup>3</sup>" throughout this report) an Atlanta-based consulting firm for further guidance regarding availability, disparity ratios and related measures (*See Appendix A*). In addition to the analysis required by Chapter 17-1500, Miller<sup>3</sup> was also asked to evaluate whether the City could employ race and/or gender conscious goals. This inquiry represented a departure from the City's implementation of its antidiscrimination policies which were enacted after the City's predecessor program (under the Minority Business Enterprise Council) was struck down as unconstitutional.

The race-and-gender conscious inquiry, required Miller<sup>3</sup> to perform a Croson-type analysis of marketplace availability and utilization. With a limited budget and timeframe to perform this addition to the scope of services, Miller<sup>3</sup> elected to base its statistical model of "ready, willing and able" M/W/DSBE's upon data extracted from City bid and proposal files along with the U.S. Census American Survey of Entrepreneurs. Miller<sup>3</sup> did not use the OEO's Registry of Certified M/W/DSBE's as any part of its calculation for availability. City data that Miller<sup>3</sup> relied upon was incomplete. For example, part of the Miller<sup>3</sup> level 2 availability model looks at "sub-bidders" as

<sup>3</sup> Section 17-1502(2) requires separate consideration of two categories of City contracts: Professional Services contracts and Public Works contracts.

distinct from subcontractors. According to Miller<sup>3</sup>, sub-bidders are those firms associated with successful or unsuccessful prime bids; that information does not exist across all relevant City contracting categories resulting in a skewed snapshot of how many M/W/DSBE's are available to produce the goods and services that the City buys.

Accurately evaluating availability is the key to determining whether statistically significant disparities exist sufficient to legally employ race and gender conscious remedies. Applying their level 2 model, Miller<sup>3</sup> identified only two areas in City contracting with significant disparities: Public Works utilization of African American owned firms and Professional Services utilization of Asian American owned firms.<sup>4</sup> All other contracting categories according to Miller<sup>3</sup> showed no disparity and in some instances revealed parity or over utilization of M/W/DSBE's.

Based on their findings, Miller<sup>3</sup> recommended a citywide Fiscal Year 2021 Goal of only 28 percent. We do not agree, in part because both Miller<sup>3</sup> and the City agree that City data relied upon was incomplete. We agree with Miller<sup>3</sup> that a "custom census" approach is the ideal measure of availability. A custom census is costly and time consuming, but it will provide a more accurate measure of firms available within the City's marketplace to compete for City contracts. The Commonwealth of Pennsylvania, through its Department of General Services, commissioned BBC Researching & Consulting (BBC) to conduct a disparity study of the state's utilization of, among other groups, minority owned businesses. The report, published in 2018, details BBC's custom census approach which included extensive telephone surveys of 3500 minority and women owned businesses throughout the Commonwealth. While Miller<sup>3</sup>'s proposal contained a survey of local minority businesses, the ensuing pandemic prevented this work from being performed.

We also disagree with Miller<sup>3</sup>'s recommendation to reduce the City's aspirational goal because there was a decrease in overall City spending from Fiscal 2018 to 2019 and less than a 1 percent variation in overall utilization between Fiscal 2018 and Fiscal 2019. The City will continue to aspire towards 35 percent utilization of M/W/DSBE's in all City contracts, excluding only federally assisted contracts. Please see Table 3 for further explanations.

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<sup>4</sup> OEO chooses not to implement race conscious goals in these two enumerated areas because of the unreliability of the availability modeling and OEO is not confident that a goal derived from Miller<sup>3</sup>'s 28 percent overall goal, which represents a combination of both race conscious and race neutral, would significantly advance the utilization of these businesses more than the use of participation ranges under a 35 percent citywide aspirational goal.

**Table 3 – Participation Percentages across Contracting Categories**

<b>M/W/DSBE Category</b>	<b>PW</b>	<b>PPS</b>	<b>SSE</b>	<b>All Contract Types</b>	<b>FY/18/FY19</b>
White Female	11.1%	10.2%	24.9%	11.3%	FY18: 12.5% FY19: 11.3%
Native American	0.0%	0.5%	0.0%	0.2%	FY18: 0.3% FY19: 0.2%
Asian American	5.4%	2.8%	0.0%	3.4%	FY18: 5.8% FY19: 3.4%
African American	8.1%	20.3%	3.3%	14.8%	FY18: 11.9% FY19: 14.8%
Hispanic	3.9%	2.7%	0.4%	2.8%	FY18: 2.3% FY19: 2.8%
All MBE	16.6%	26.3%	3.7%	21.3%	FY18: 20.4% FY19: 21.3%
All WBE	11.1%	10.2%	24.9%	11.3%	FY18: 16.6% FY19: 11.3%
All M/W/DSBE	27.1%	36.5%	28.6%	31.2%	FY18: 30.3% FY19: 31.16% <b>Stretch Goal 35%</b>

Sustaining this aspirational goal for Fiscal Year 2021 is further supported by acknowledging the uncertainty of small business viability and contracting during the Covid-19 pandemic. The City has responded swiftly, not only in safeguarding the health and safety of its residents but has funded and administered grant and loan programs to bolster small and diverse local businesses. For some M/WBE's, Covid-19 has represented a business opportunity to provide goods and services desperately needed in response to this health emergency and OEO compliance is securely embedded within City emergent contracting policies. This is not a time to pull back on supporting M/W/DSBE's and the City will continue to use all available race and gender-neutral means to encourage full equity and inclusion in its contracting system. Further matters that must be considered in conformity with §17-1504 (ranking of City departments by M/W/DSBE achievement, identification of contract awards by contract type, awarded vendors and dollar amount and a ranking of EOP's) are included in the Fiscal Year 2019 Annual Report.

#### **IMPROVEMENT EFFORTS FOR M/W/DSBE'S**

For Fiscal Year 2021, OEO will continue its efforts to remove barriers for M/W/DSBE's by collaborating with public and private partners to implement the Local Business Purchasing Initiative, Philadelphia Bonding Education Program, and the Emerging Vendors Program.

Further, OEO is developing best practices by:

1. Hosting quarterly meetings of the National Disadvantaged Business Enterprise Roundtable.
2. Increasing exposure of Philadelphia's minority business owners and entrepreneurs and other public procurement opportunities through OEO's "Doing Business with the City"

3. Promoting M/W/DSBE's usage of the City of Philadelphia's new Contracts Hub, a one-stop resource for all opportunities available to work with the City.

Below provides further details about each of these initiatives and activities listed above.

The Local Business Purchasing Initiative (LBPI) seeks to increase Philadelphia-based businesses in accessing City of Philadelphia procurement opportunities. This is being done by increasing the formal bid threshold from \$34,000 to \$75,000 when a bid or request for proposal is required. Additionally, when the City of Philadelphia is contracting with a local business entity ("LBE") the threshold is increased from \$75,000 to \$100,000. The LBPI has three overarching goals include:

1. To simplify the contracting process for local businesses, including M/W/DSBE's.
2. Increase access by removing barriers and encourage competition through transparency and having small contracting opportunities in one place.
3. Reinvesting in Philadelphia's economy by investing in local businesses. Considering Philadelphia's fragile economy due to the COVID-19 crisis and civil unrest, this goal is tremendously important to support and encourage disadvantaged businesses that experience unique challenges in accessing opportunities and resources for sustainability and growth.

OEO plans focused outreach to M/W/DSBE's in Fiscal Year 2021 to facilitate their certification by the Procurement Department as LBE's which will fully enable M/W/DSBE's to participate in the LBPI. M/WBE's currently comprise 17 percent of certified LBE's; through educational outreach, OEO's target is that 25-30 percent of the OEO Registry will be certified as LBE at the end of Fiscal Year 2021.

The Philadelphia Bonding Education Program is an inclusive, hands-on, multi-component program designed to address the needs of small disadvantaged businesses to become bond ready, increase their capacity, and compete for the participation on transportation related contracts. The program is implemented by The Enterprise Center working in partnership with OEO and Philadelphia Streets Department.

Through the Emerging Vendors Program (EVP), OEO seeks to increase both the availability and the utilization of M/W/DSBE's in City contracting opportunities. The EVP is a pilot program designed to increase the pool of new Philadelphia-based M/W/DSBE's who are ready, willing, and able to do business and provide them with the resources and technical assistance to grow and scale. EVP works exclusively with the City's Rebuild Initiative, a program that aims to make physical improvements to recreation centers and libraries, through the promotion of diversity and inclusion by utilizing local contractors of color, and engaging community members. As of today, the program has a total of 35 approved emerging vendors, seven of whom have executed contracts and five who have become certified. If this program demonstrates continued success, it may be rolled out to be used by the entire City.



Considering the multiple challenges facing M/W/DSBE's, OEO hosts quarterly meetings for the National Disadvantaged Business Enterprise (NDBE) Roundtable. The NDBE includes over 20 members from various cities and municipalities that have similar or the same mission as OEO. During these meetings, best practices are shared as well as ideas to promote the development, capacity, and sustainability of M/W/DSBE's. Most recently, members have shared best practices as it pertains to COVID-19 responses, along with resources related to the civil unrest that has occurred in the various cities.

To increase exposure of M/W/DSBE's, OEO hosts bi-monthly workshops entitled "Doing Business with the City." The objectives to provide current and prospective members of the OEO registry with a detailed understanding of how the City of Philadelphia and other public entities, such as SEPTA, Philadelphia International Airport, and other organizations conduct their procurement and contracting processes. These workshops allow participants to ask questions and provide insight into the City of Philadelphia and other public agencies on how they can make their processes more user-friendly for businesses.

Another resource to promote exposure and accessibility for M/W/DSBE's, is the City of Philadelphia's creation of the Contracts Hub. Prior to the initiation of Contracts Hub, individuals had to visit multiple websites seeking professional services contracting and procurement opportunities. Through Contracts Hub, users can now go to one website seeking opportunities in both professional services and commodities opportunities. Having contracting and procurement opportunities in one place, alleviates confusion among respondents and potentially increases respondents' ability to apply for opportunities.

## **RECOMMENDATIONS**

In conclusion, there are three types of overall recommendations that are being offered to OEO. The recommendations relate to the mission, opportunities, and relationships. The recommendations can be implemented within OEO to have the overall goal of growing and engaging M/W/DSBE's. Below is a summary of the recommendations.

OEO mission needs to be tie into the overall vision, mission and goals of the City of Philadelphia. The following ways can help to accomplish this:

- Review and revise where needed the Executive Order 3-12. This Executive Order, which created the Office of Economic Opportunity clearly identifies the tenets of how the office is run and how it works to strengthen M/W/DSBE's.
- Develop OEO Standard Operating Procedures. (SOP's). Currently, OEO does not have a commonly used standard of operating procedures and certain procedures are open to departmental interpretation. Having SOP's will limit some of the confusion about OEO processes, and will save both OEO and City Staff time as they work together.
- Continue to advocate at the Cabinet level for M/W/DSBE's inclusion by participating in the Economic Opportunity Cabinet, the Pathways to Reform, Transformation and

Reconciliation Committee and other forward-looking internal committees aimed at increasing the levels of inclusion and building capacity for MBE firms.

OEO's opportunities are driven by the City's opportunities, first by identifying them, but also understanding, managing, and communicating opportunities.

- Conduct an opportunity analysis of capital improvement projects and other large construction, IT or complex projects in the City.
- Develop process for forecasting and communicating all procurement needs at least six months to one year prior to bid.
- The City of Philadelphia has a subcontractor program when it comes to M/W/DSBE inclusion. By far, more firms are engaged in subcontracting, than working as primes. Look for opportunities to grow subcontracting firms to prime contractors through programs such as a mentor-protégé program.
- Commission a “custom census” for the Philadelphia marketplace to accurately assess the number of minority, women and disabled firms available to provide the goods and services the City procures each year.

## *WORKFORCE DISPARITY ASSESSMENT*

A review of workforce participation was also completed. The scope of work included:

- Determining procurement and workforce compliance on projects with Economic Opportunity Plans (EOP).
- Recommending annual M/W/DSBE and workforce goals.

Based on the analysis, the City of Philadelphia's labor force involved in EOP's is diverse, with 38.5 percent of all trade and contract workers being minorities and women. The rate of participation of all minorities suggests that in its hiring and contracting practices, the City of Philadelphia is moving in the direction to achieve the set goal of 40 percent of participation of categories of workers. However, it must be noted that achieving established goals for journey person and minorities' women's hours need attention and possibly revisions.

For the Workforce Diversity Analysis, the City sought an analysis of workforce diversity on construction projects covered by Economic Opportunity Plans and recommendations for diversity goals to be used for the next fiscal year. The analysis was to include:

- The present availability of a Diverse Workforce.
- The participation of a Diverse Workforce on past Covered Projects and Contracts.
- A forecast of Covered Projects and Contracts for the next fiscal year.
- The latest Annual Disparity Assessment of Workforce Diversity.

The basis of this employment report is the measurement of achievement toward inclusion of the Skilled and Laborer workers who identify as minorities and women in EOP projects in construction labor workforce. There were two objectives of the study:

1. Assess disparities between utilization and availability of women and minorities in the City labor force in 2019.
2. Estimate the variance in goals in participation, parity, and hours of women and minorities in the City's contracting opportunities.

The information presented in this report provides analysis and recommendations on the labor force of 226 active EOP projects over a 12-month period from July 1, 2018, through June 30, 2019. The labor force analyzed for this report includes both journey person and apprentice-level workers. The result of the analysis shows that the minority labor force is strong in some areas; however, increased inclusion, particularly for women and apprentices, is still needed.

## AVAILABILITY

For this study, the availability included EEO construction occupations data at the City of Philadelphia's level and is organized by race, gender, and Hispanic origin of workers and based on American Community Survey 2006-2010 Equal Employment Opportunity (EEO) Tabulation Data provided by the United States Census Bureau. The report is grouped into two categories by total number of workers: Laborer and Skilled. The laborer and skilled categories were analyzed to determine the overall availability of African American, Hispanic, Asian, Native American/Pacific Islander/American Indian and Alaska Native (AIAN), two-race, and female workers. The availability of workers is presented in *Table 4* below.

**Table 4**

<b>Availability of All Trade/Contractors, the City of Philadelphia, 2016 By Percentage and Race/Ethnicity/Gender</b>						
<b>Availability</b>	<b>African American</b>	<b>Asian American</b>	<b>Hispanic American</b>	<b>Native American</b>	<b>All Minorities</b>	<b>Women</b>
	%	%	%	%	%	%
Laborer	35.10	3.10	19.00	0.00	59.00	4.70
Skilled	24.00	3.20	12.10	0.50	40.90	2.80
<b>All</b>	<b>26.70</b>	<b>3.20</b>	<b>13.80</b>	<b>0.40</b>	<b>45.00</b>	<b>3.30</b>

Source: M<sup>3</sup> Consulting; LCP Tracker; American Community Survey 2006-2010 Equal Employment Opportunity (EEO) Tabulation Data

Based on these available datasets, in the City of Philadelphia, the availability of minority laborers in the construction trades comprises 59.0 percent, and skilled workers in the trades total 40.9 percent. The percent of women laborers (4.7 percent) in the City is nearly double the percentage of skilled women workers (2.8 percent). In all race and ethnicity categories, the percentage of laborers exceeds the percentage of skilled workers, except for Asian American and Native American/Pacific Islander workers. The availability of all minority workers totals 45.0 percent of the total workforce, and the availability of all women workers totals 3.3 percent (*see Table 4*). However, because Philadelphia construction projects rely heavily upon unionized labor, a more accurate measure of availability based upon union membership demographics is not available for this study and it is highly unlikely that skilled minority workers enjoy union membership at the 40 percent level. In 2009, the Mayor's Commission on Construction Industry Diversity found broad variance between census data of worker availability in comparison to a limited production of union demographics collected by City Council in 2007; the Commission found much lower levels of minority membership when compared to census data.

## UTILIZATION

Worker participation in EOP projects, also known as utilization, was analyzed using the City's LCP Tracker employment data. The data provided tracks of the labor force's characteristics involved in EOP projects from July 1, 2018, to June 30, 2019, and groups the number of employees and labor hours in multiple ways. The labor hours are categorized as journey person and apprentice



and employees were grouped as either laborer or skilled. The utilization of minorities and women in trade and skilled labor was calculated based on the data from the City LCP Tracker projects and presented in *Table 5* below.

**Table 5**

Utilization All Trade/Contractors, The City of Philadelphia, 2019 Based on Number of Employees																		
Utilization	White Men		African American		Asian American		Hispanic American		Native American		All Minority		Women		Other Employees		Total Employees	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Laborer	1,283	50.8	497	19.6	19	0.8	660	26.1	9	0.4	1,212	48.0	29	1.1	27	1.1	2,524	35.1
Skilled	3,142	68.0	816	17.7	29	0.6	348	7.5	25	0.5	1,218	26.4	173	3.7	87	1.9	4,620	64.9
All	4,425	62.0	1,313	18.5	48	0.7	1,008	14.2	34	0.5	2,430	34.0	202	2.8	114	1.2	7,144	100

Source: M<sup>3</sup> Consulting; LCP Tracker; American Community Survey 2006-2010 Equal Employment Opportunity (EEO) Tabulation Data

*Table 6* below further illustrates the distribution of all trades/contractors by race/ethnicity/gender in 2019. White men continue to represent the majority of the labor force on EOP projects and constitute 61.5 percent of all trade and contractors. The second-largest proportion of the workers is African Americans (18.3 percent) followed by Hispanic Americans (14.1 percent), Women (2.8 percent), Other Employees (1.6 percent) Asian Americans (0.7 percent), Native Americans (0.5 percent) and Two or More Races employees (0.01 percent).

Table 6: Availability of All Trade/Contractors, the City of Philadelphia, 2016 By Percentage and Race/Ethnicity/Gender

**Table 6**

Availability of All Trade/Contractors, the City of Philadelphia, 2016 By Percentage and Race/Ethnicity/Gender						
Availability	African American	Asian American	Hispanic American	Native American	All Minorities	Women
	%	%	%	%	%	%
Laborer	35.10	3.10	19.00	0.00	59.00	4.70
Skilled	24.00	3.20	12.10	0.50	40.90	2.80
All	26.70	3.20	13.80	0.40	45.00	3.30

Source: M<sup>3</sup> Consulting; LCP Tracker; American Community Survey 2006-2010 Equal Employment Opportunity (EEO) Tabulation Data

## DISPARITY RATIO

The difference between the availability of minority workers compared to the utilization of minority workers determines the disparity between the participation of minority, women and non-minority workers on EOP projects. This disparity ratio is simply the utilization rate divided by the availability rate. A disparity ratio that is greater than 1.0 represents an over-utilization, whereas a disparity ratio less than 1.0 represents under-utilization. Therefore, a disparity ratio of 1.0 indicates parity in the labor pool between minority and non-minority workers. A ratio of less than 1.0 reveals that there are more minority workers available in the labor pool than are working on EOP projects. The disparity ratio can and often fluctuate year to year based on the availability of workers compared to their participation in projects. It is also important to note that the City competes with other project owners for diverse workers, particularly in trades where there is a relative scarcity in minority and female workers.

**Table 7**

Disparity Ratio for All Trade/Contractor Disparity, at the City's level, 2019						
	African American	Asian American	Hispanic American	Native American	All Minorities	Women
Laborer	0.56	0.26	1.37	0.00	0.81	0.23
Skilled	0.74	0.19	0.62	1.00	0.65	1.32
All	0.69	0.22	1.03	1.25	0.76	0.85

Source: M+ Consulting; LCP Tracker; American Community Survey 2006-2010 Equal Employment Opportunity (EEO) Tabulation Data

Table 7 shows that disparity ratios for women and all minorities are below 1.0, suggesting underutilization of these categories of workers. The disparity ratio for Hispanic American workers is close to the value of 1.0 and almost at the parity level. A slight over-utilization is observed for Native American (at 1.25 level).

## COMPLIANCE WITH WORKFORCE GOALS

This section of the analysis focuses on compliance with established workforce goals in 2019. These results are presented in the Tables 8 and 9 below. Based on the comparison of established goals when compared to actual participation, the City did not meet established goals for most groups. The participation rate of women is at 2.8 percent and for all minorities at 33.6 percent in 2019, as compared to established goals of 5 and 40 percent respectively for these categories of workers (Table 8).

As shown in Table 9, for labor hours and established labor hours' goals for journeypersons, the results indicate some success for African Americans. Because of their participation rates, the City almost reached its goal for all minorities, missing the target by only 0.1 percent for

journeypersons. The remaining categories of journeypersons, along with women and all minorities apprentices, did not meet the established goals.

**Table 8**

<b>All Trade/Contractors Participation Rate and Variance at The City's Level By Race/Gender, 2019</b>			
	<b>Workforce Participation Goals, %</b>	<b>Participation 2019, %</b>	<b>Variance, 2019</b>
<b>Women</b>	<b>5</b>	<b>2.8</b>	<b>-2.2</b>
<b>All Minority</b>	<b>40</b>	<b>33.6</b>	<b>-6.4</b>

Source: M<sup>+</sup> Consulting; LCP Tracker; American Community Survey 2006-2010 Equal Employment Opportunity (EEO) Tabulation Data

**Table 9**

<b>Hours and Goals, Journeypersons/Apprentices, The City of Philadelphia By Race/Ethnicity/Gender, 2019</b>			
	<b>% Hours, 2019</b>	<b>% Hours, Goals</b>	<b>Variance</b>
<b>Journeypersons</b>			
<b>African American</b>	<b>22.1</b>	<b>22</b>	<b>0.1</b>
<b>Hispanic American</b>	<b>14.1</b>	<b>15</b>	<b>-0.9</b>
<b>Asian American</b>	<b>0.0</b>	<b>3</b>	<b>-3</b>
<b>All Minority</b>	<b>39.9</b>	<b>40</b>	<b>-0.1</b>
<b>Women</b>	<b>0.5</b>	<b>5</b>	<b>-4.5</b>
<b>Apprentices</b>			
<b>All Minority</b>	<b>28.9</b>	<b>50</b>	<b>-21.1</b>
<b>Women</b>	<b>0.0</b>	<b>5</b>	<b>-5</b>

Source: M<sup>+</sup> Consulting; LCP Tracker; American Community Survey 2006-2010 Equal Employment Opportunity (EEO) Tabulation Data

## WORKFORCE SUMMARY

In summary, the analysis suggests that the City of Philadelphia's labor force involved in EOP projects is diverse, with 38.5 percent of all trade and contract workers being minorities and women. This rate of participation of all minorities suggests that the City in its hiring and contracting practices is moving in a positive direction towards achieving its set goal of 40 percent of participation for this category of workers. However, achieving established goals for journeyperson minorities' and women's hours need attention and perhaps revisions.

## WORKFORCE RECOMMENDATIONS

While overall the inclusion and participation of all minorities at the City level is high and close to established goals, special attention needs to be paid to (1) setting the goals, (2) examining employment participation rates on smaller projects and by department, and (3) refining employment data collection. For Fiscal 2021, the City will continue to aspire to a 40 percent goal for minority journeypersons (22 percent for African American, 3 percent for Asian, 15 percent for Hispanic) and 5 percent for female journeypersons. Likewise, the aspirational goals for apprentices will remain at 50 percent for minorities and five percent for females. These goals pertain to hours worked across all building trades by skilled workers and laborers.

### ***Setting Goals***

- i. Women's Participation Goal. As the analysis of availability and utilization suggests, the achievement of the established participation goal for this category of workers seems to be unlikely and due to the low availability of women in the labor market. A strategy of investment and outreach should be considered to increase female availability and utilization.
- ii. Minority Apprentice Participation. The 2019 percentage of all apprentice hours is below the set 50 percent goal. Continue pushing that goal, while employing an outreach and investment strategy to increase the availability of this category of workers.

### ***2. Examine the Employment Participation Rate on Smaller Projects and by Department***

The examination of participation rates on smaller projects might shine a light on the diversity and inclusion among workers involved in such projects and encourage contractors to diversify their workforce by including more women and minorities.

### ***3. Refine Employment Data Collection***

OEO can improve the overall analysis by addressing the issue of the categorization of non-specified workers (NS) and attempting to limit the number of projects that have NS hours by encouraging contractors to accurately report hours.



## EXECUTIVE SUMMARY

### E.1 INTRODUCTION

#### E.1.1 PURPOSE OF DIVERSE SPEND ANALYSIS

On March 13, 2020, the City of Philadelphia (City) commissioned Miller<sup>3</sup> Consulting, Inc. (M<sup>3</sup> Consulting) to conduct the following scope of work:

- Determine whether City's goals should be race/gender-conscious and include LGBTQ-owned firms;
- Determine procurement and workforce compliance on Projects with Economic Opportunity Plan; and,
- Recommend annual M/W/SBE and workforce goals.

The key purpose of the diverse spend analysis was to determine whether there is evidence showing that ready, willing, and able M/WBEs are significantly underutilized in the City's procurement categories of Miscellaneous Purchase Order; Personal and Professional Services; Public Works; Service, Supply and Equipment; and Small Order Purchase. This analysis will assist the City to determine the need for race/gender-conscious goals and to enhance its current race/gender-neutral Annual M/WBE participation goals and initiatives in compliance with Philadelphia Code, Philadelphia Home Rule Charter, Article VI, Chapter 1, §6-109, Disadvantaged Business Enterprises, Philadelphia Code, Title 17. Contracts and Procurement, Chapter 17-1500, Annual Disparity Study and Participation Goals and Executive Order 03-12, Anti-Discrimination Policy Relating to the Participation of Minority, Women and Disabled Businesses in City Contracts.

We note that this Diverse Spend Analysis is not a Disparity Study, within the parameters of *Richmond v. Croson*. However, Miller<sup>3</sup> Consulting, Inc. has conducted its availability, utilization and disparity analyses consistent with our Disparity Study approach and methodology. Further, this report addresses procurement spend. Workforce analysis is provided under separate cover.

### E.2 MILLER<sup>3</sup> CONSULTING'S APPROACH AND METHODOLOGY

To conduct this Diverse Spend Analysis, M<sup>3</sup> Consulting's employed key elements of its exclusive disparity study methodology which includes ten analyses which lead to overall conclusions and recommendations. Those elements utilized include:

- Relevant Market Analysis,
- Availability Analysis,

- Utilization Analysis,
- Disparity Analysis and
- An abbreviated Procurement Analysis.

### E.2.1 M<sup>3</sup> CONSULTING'S 10-PART DISPARITY STUDY METHODOLOGY

M<sup>3</sup> Consulting employs a 10-part disparity study methodology that provides a complete factual predicate consistent with evolving case law and City regulatory environment. It is discussed here solely for the purpose of assisting the reader to understand the difference between the Diverse Spend Analysis required under Title 17 and a full Disparity Study. The statistical analyses—relevant market, availability, utilization, disparity and capacity—comports with the requirements of *City of Richmond v. J.A. Croson Co.*, 488 U.S. 469, 109 S.Ct. 706 (1989), *Adarand Contractors, Inc. v. Federica Pena*, 515 U.S. 200, 115 S. Ct. 2097 (1995) and determines whether there are statistically significant disparities from which an inference of discrimination may be drawn. The remaining analysis reflected under the industry and market analysis assist in determining whether organizational factors (active discrimination or exclusion) or private sector and marketplace factors (passive discrimination or exclusion) cause any disparity found. Together, these findings would allow the City to determine whether there is a compelling governmental interest in utilizing race- and gender-conscious remedies for any statistically significant disparity. The combined analysis also leads to a set of customized recommendations that includes race- and gender-neutral initiatives and narrowly tailored race- and gender-conscious initiatives.

#### Miller<sup>3</sup> Consulting Inc.'s 10 Part Disparity Methodology

Industry Analysis	Statistical Analysis	Market Analysis	Conclusions	Recommendations
<ul style="list-style-type: none"> <li>•Legal Analysis</li> <li>•Procurement and M/WBE Operational Analysis</li> </ul>	<ul style="list-style-type: none"> <li>•Relevant Market</li> <li>•Availability Analysis</li> <li>•Utilization Analysis</li> <li>•Disparity Ratios</li> <li>•Regression and Capacity Analysis</li> </ul>	<ul style="list-style-type: none"> <li>•Anecdotal and Survey Analysis</li> <li>•Race-Gender-neutral Analysis</li> <li>•Private Sector Analysis</li> </ul>	<ul style="list-style-type: none"> <li>•Finding of discrimination, passive or active, if any</li> <li>•Identification of barriers to M/WBE participation</li> </ul>	<ul style="list-style-type: none"> <li>•Procurement and M/WBE programmatic initiatives</li> <li>•Goal-setting</li> <li>•Non-Discrimination initiatives</li> <li>•Management and Technical Assistance</li> </ul>

### E.2.2 STATISTICAL METHODOLOGY

The statistical methodology below discusses in more detail relevant market, availability, utilization, and disparity. It includes various definitions of availability and M<sup>3</sup> Consulting's *"Ready, Willing and Able"* (RWA<sup>SM</sup>) model. M<sup>3</sup> Consulting has adapted this model to the specific City data sources available for this spend analysis. Also discussed are the types of utilization analysis that will be performed. The statistical methodology section concludes by defining the disparity ratio and significance tests, crucial for drawing conclusions regarding any disparity in the City's recent history of contracting with M/WBEs.

#### A. Data Sources

To conduct the analysis, the following data was provided by the City for FY 2019:

##### PHL and ACIS Contract Award

PHL and ACIS Contract Award data was used for both the Availability and Utilization Analysis. PHL and ACIS Bidder data was utilized for the Availability Analysis.

PHL and ACIS Contract Award data were provided by OEO for FY19. The utilization data contained contract number, procurement type, contract/project description, department, awarded prime contractor and the awarded prime contractor's M/W/DBE subcontractors. Non-M/W/DBE subcontractors were not identified.

##### PHL and ACIS Bidder Data

PHL bidder data provided by the Procurement Department contained bid number, description, vendor/bidder name, an identifier for the awarded firm and a quote amount. This bidder data also included vendor NIGP code that M<sup>3</sup> Consulting used to allocate bidder to a procurement type.

ACIS bidder data was based on the Advertised Opportunities Disclosures file that contained vendor name, opportunity ID, contract ID, the vendor ID, contract structure type, department, contract effective date, contract end date, participation amount, contract status.

ACIS staff also provided file with sub-bidders, Subs Disclosed FY2019, that included contract ID, opportunity number, department name, contract structure type, vendor name, vendor address, prime awarded column (yes or no), subcontractor name, subcontractor address, sub amount, sub percent. The sub amount field contained 5,007 of 6,765 records with an amount of \$0 or blank.

### OEO Registry of Certified Firms

The OEO Registry of Certified Firms can be utilized to identify the race/gender/ethnicity of firms in other databases, such as PHL, ACIS and Vendor Registries. When combined with the Vendor list, it can be utilized as a measure of availability. However, because it does not contain Non-M/WBEs, it cannot be utilized as a stand-alone measure of availability.

OEO provided a registry of certified firms by date. The file included the business name, vendor ID, ethnicity, gender, certifying agency (City of Philadelphia or PA United Program), certification type (DBE, DSBE, MBE, MWBE, WBE), certification date, renewal date, expiration date, owner information, business description, email, website, phone, fax, physical address and mailing address. The OEO registry contained 6,632 records, of which 3,595 were discrete certified firms.

### Vendor List

The Vendor list, when combined with the OEO Registry can be used as part of Level 3 Availability. M<sup>3</sup> Consulting received three vendors list from the City of Philadelphia. None of the three were usable for our analysis.

City of Philadelphia staff also provided a vendor list, consisting of only 782 unique vendors, which is very small for a vendor registry for the city's size and complexity. (Compare to the OEO Registry consisting of 3,595 discrete M/WBEs.) The file contained business name, address, phone, fax, email, website, business description, owner name, date established, date incorporated, FT employees, PT employees, FEIN, DUNS number, B2GNow Vendor Number. The business description field was populated for only 163 of the 782 firms. As such, M<sup>3</sup> Consulting was unable to determine the good or service offered by the vendor.

The City also provided PHL Contracts Vendors, which contained vendor number, vendor name, address and email address. The file contains 5,610 records. However, like the previous list, no data was provided that identified the good or service offered by the vendor.

Finally, the City provided the Registered Vendors file that contained two worksheets (1) Registered Vendors that contained 5,154 records and (2) OEO Vendors that contained 1,181 records. The registered vendors worksheet contained the vendor number, email address and address. The OEO vendors worksheet included same data elements of the registered vendors and columns for certification types (MBE, WBE, MWBE, DSBE, LBE). No data was provided that identified the good or service offered by the vendor.



### B. Relevant Market

The *Croson* statistical analysis begins with the identification of the relevant market. The relevant market establishes geographical limits to the calculation of M/WBE availability and utilization. Most courts and disparity study consultants characterize the relevant market as the geographical area encompassing most of a public entity's commercial activity. The *Croson* Court required that an MBE program cover only those groups that have actually been affected by discrimination within the public entity's jurisdiction.<sup>1</sup>

Two methods of establishing the relevant market area have been used in disparity studies. The first utilizes vendor and contract awardee location of dollars expended by an entity in the relevant industry categories. In the second method, vendors and contractors from an entity's vendor or bidder list are surveyed to determine their location. The former is based on approaches implemented under the U.S. Justice Department guidelines for defining relevant geographic markets in antitrust and merger cases. M<sup>3</sup> Consulting has developed a method for determining an entity's relevant market by combining the above methods and using an entity's bidder lists, vendor lists, and awardee lists as the basic foundation for market definition.

By examining the locations of bidders, vendors, and winners of contract awards, M<sup>3</sup> Consulting seeks to determine the area containing a preponderance of commercial activity pertaining to an entity's contracting activity. While case law does not indicate a specific minimum percentage of vendors, bidders, or contract awardees that a relevant market must contain, M<sup>3</sup> Consulting has determined a reasonable threshold is somewhere around 70 percent, each, for bidders, vendors, and contract award winners. Further analysis may be necessary if there are "large" differences in the percentages of these three measures.

### C. Availability Analysis

The fundamental comparison to be made in disparity analysis is between firms owned by minorities and/or women ("MBEs and WBEs") and other firms ("non-M/WBEs") *ready, willing and able* to perform a particular service (i.e., are "available"), and the number of such businesses actually being utilized by the locality or its prime contractors. This section presents a discussion of the availability estimates for M/WBEs who are *ready, willing and able* to perform work on contracts for the City.

Availability is the most problematic aspect of the statistical analysis of disparity. It is intrinsically difficult to estimate the number of businesses in the marketplace that are ready, willing and able to perform contracts for or provide services to a particular public entity. In addition to determining an accurate head

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<sup>1</sup> *Richmond v. Croson*, at 725.

count of firms, the concomitant issues of capacity, qualification, willingness, and ability complicate the production of accurate availability estimates.

### Miller<sup>3</sup> Consulting, Inc. Availability Model

M<sup>3</sup> Consulting employs two general approaches to measuring availability: the Ready, Willing and Able (RWA<sup>SM</sup>) Model and Marketplace Availability. In summary, the Availability measures can fall into the following categories:

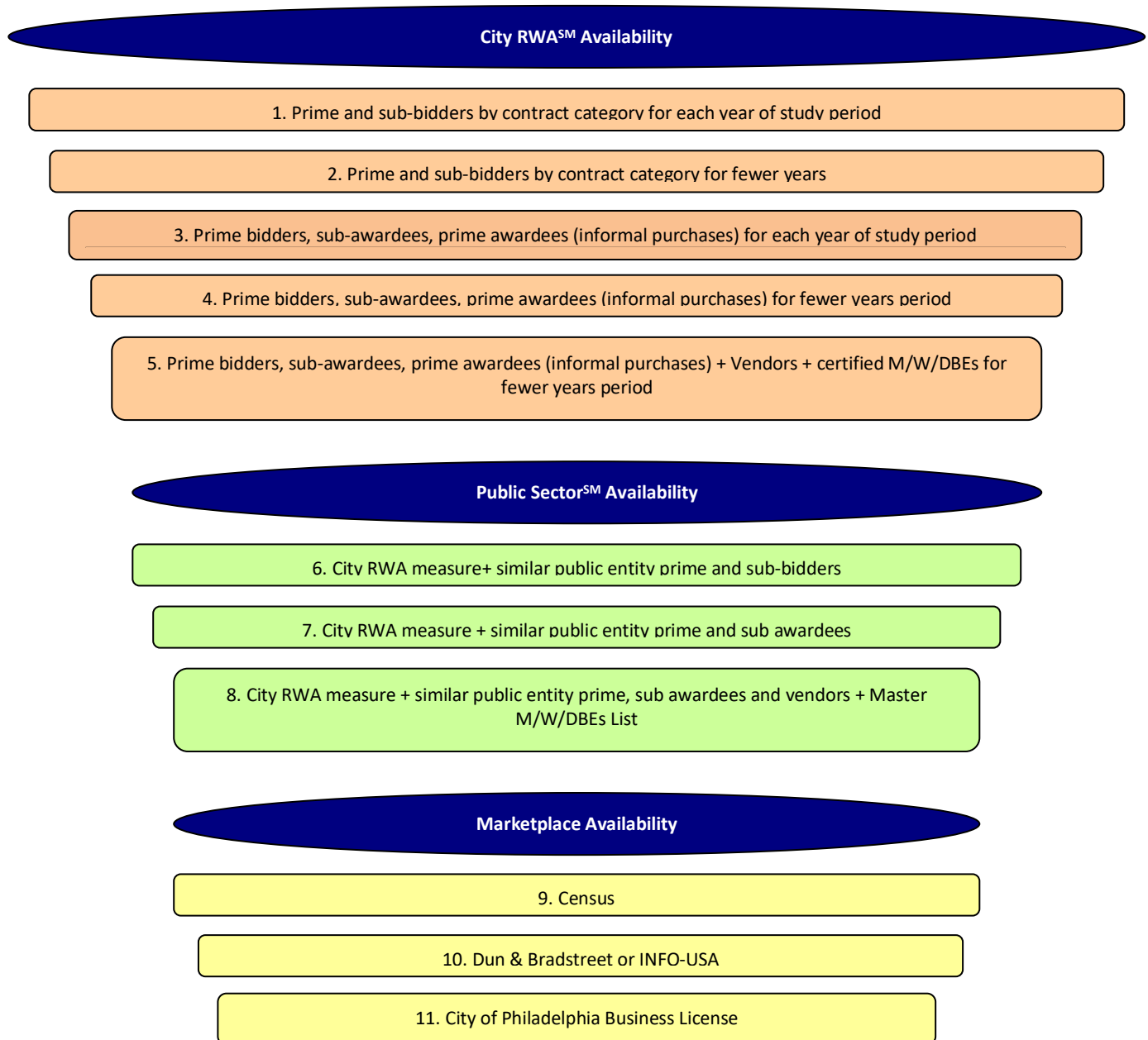
- **RWA<sup>SM</sup>**—Those firms who are ready, willing and able to do business with the City;
- **Public Sector Availability**—Those firms who are ready, willing and able to do business with similar public sector agencies within the City’s marketplace<sup>2</sup>; and,
- **Marketplace Availability**—All firms’ available in the City’s marketplace, as measured by U.S. Census, Dun & Bradstreet or INFO USA data and Business License data.

The Availability matrix below in Figure E.1 outlines M<sup>3</sup> Consulting’s Availability Model. The matrix starts with the optimum availability measure of those firms “ready, willing and able” to do business with the City and cascades down to less optimum measures. Factors that determine which level of availability best suits the City’s environment include quality of available data, legal environment, and previous levels of inclusion of M/WBE in bidding and contracting activity.

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<sup>2</sup> This analysis requires inter-governmental cooperation between public entities providing bidder, vendor and awardee data, thus is not performed, unless such agreement is developed for individual agencies or a consortium of agencies conducted a consortium disparity study. As such, it has not been conducted for this analysis.

**Figure E.1**  
**RWA<sup>SM</sup> Availability Model**



Source: M<sup>3</sup> Consulting, Inc.

M<sup>3</sup> Consulting's RWA<sup>SM</sup> Availability Model is further tailored to the robustness of the City' specific databases available for analysis. RWA<sup>SM</sup> Availability to be utilized for analysis is defined at Level 2 for FY 2019.

Levels 1-3 are presented independently and cumulatively in Figure E.2, as three measures of RWA<sup>SM</sup> availability, with Level 2 being a combined pool of discrete available firms across these measures and Level 3 further including the City Vendors and OEO Certified Firms who may or may not have bid with the City. We note that sub-bidders are firms associated with winning and non-winning prime bidders, as identified in bids and proposals; Subcontractors are firms identified by the City or a prime contractor through other documents, such as pay applications and invoices, and not already included in sub-bidders.

<b>Figure E.2 City Specific RWA<sup>SM</sup> Availability Levels</b>	
<b>RWA<sup>SM</sup> Availability Levels</b>	<b>RWA<sup>SM</sup> Availability Definition</b>
Level 1	City Bidders and Sub-bidders
Level 2	City Bidders and Sub-bidders + Subcontractors
Level 3	City Bidders and Sub-bidders + Subcontractors + Vendors + OEO Certified Firms

Source: M<sup>3</sup> Consulting

For Marketplace Availability or "potential availability", M<sup>3</sup> Consulting relied on U.S. Census Bureau's American Survey of Entrepreneurs (ASE). M<sup>3</sup> Consulting usually relies upon Census Survey of Business Owners (SBO). The City also relied on SBO data for its Annual Disparity Analysis. However, the available SBO data is now older than 5 years and the dataset has been discontinued by Census.

The Census ASE estimates are determined by firms with paid employees, which are a more conservative estimate of availability than the set of total firms (*i.e.*, including firms without employees) and ensures a better baseline level of firm capacity in comparison to an analysis based upon a total of all U.S. Census Bureau firms. The Census ASE Survey is also broken down by category descriptions (NAICS code) into the appropriate industry. The limitations of this dataset is that firms in the Census ASE data do not reflect those that may have necessarily expressed interest in bidding with the City. Because data is aggregated, the City cannot conduct any additional research to determine firms' readiness, willingness and capacity to do business with the City.

### **D. Utilization Analysis**

Utilization represents the contracting and subcontracting history of Non-M/WBEs and M/WBEs with the City. In developing the contract database to be used as the basis for determining utilization, there are three alternative measures of utilization that can be taken in each procurement category. These are:

1. The numbers of contracts awarded;
2. The dollar value of contracts received; and,
3. The raw numbers of firms receiving contracts.

The current report presents two of the three measures of utilization: the number of contracts awarded and the dollar value of the contract awards. Both dollars and counts are reported in order to determine if there are any outliers or large single contracts that cause utilization dollar values to be at reported levels. These were preferred over the third measure—the number of firms, which is less exact and more sensitive to errors in measurement.

For instance, if a single firm, owned by a Non-M/W/SBE, received 30 contracts for \$5 million, and ten African American-owned firms received one contract each worth \$100,000, measured by the number of firms, African American-owned firms would appear to be over utilized, and Non-M/W/SBEs underutilized. Using the number of contracts and the dollar value of contracts awarded, the aforementioned result would reverse (depending on relative availability).

M<sup>3</sup> Consulting's position with regard to percentage estimates of utilization, by the dollar value of contracts and number of contracts, is that discrimination would be more likely to affect the dollars awarded than the number of contracts awarded to M/WBEs or the number of M/WBEs utilized, particularly if there are stereotypical attitudes that M/WBEs cannot handle larger contracts, and the largest volume of contracts awarded are smaller contracts.

### E. Disparity Analysis

A straightforward approach to establishing statistical evidence of disparity between the availability of M/WBEs and the utilization of M/WBEs by the City is to compare the utilization *percentage* of M/WBEs with their availability *percentage* in the pool of total businesses in the relevant market area. M<sup>3</sup> Consulting's specific approach, the "Disparity Ratio," consists of a ratio of the percentage of dollars spent with M/WBEs (utilization), to the percentage of those businesses in the market (availability).

Disparity ratios are calculated by actual availability measures. The following definitions are utilized in the M<sup>3</sup> Consulting ratio:

## Executive Summary

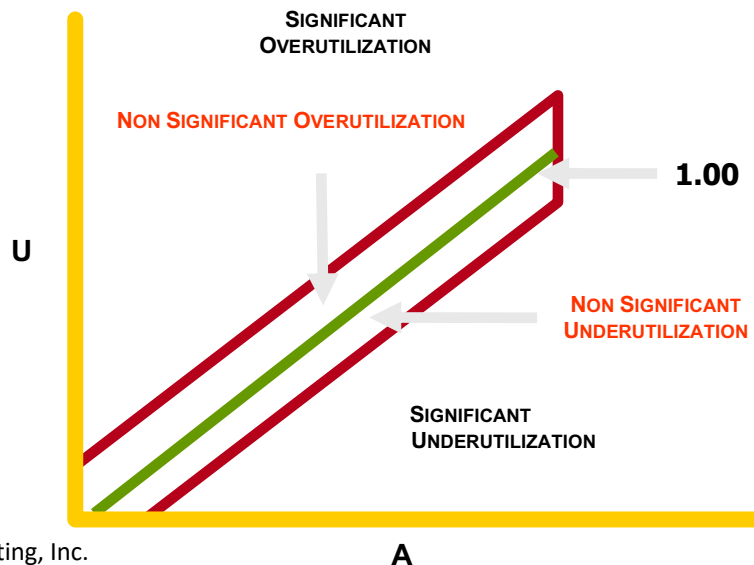
U	=	Utilization proportion or percentage
A	=	Availability proportion or percentage
D	=	Disparity ratio
N <sub>w</sub>	=	Number of women-owned firms
N <sub>m</sub>	=	Number of minority-owned firms
N <sub>t</sub>	=	Total number of firms

Availability (A) is calculated by dividing the number of minority and/or women-owned firms by the total number of firms. Utilization (U) is calculated by dividing total dollars expended with minority and women-owned firms by the total expenditures.

$$\begin{aligned}A_w &= N_w / N_t \\A_m &= N_m / N_t \\D &= U / A\end{aligned}$$

When  $D=1$ , there is no disparity, (*i.e.*, utilization equals availability). As  $D$  approaches zero, the implication is that utilization is disproportionately low compared to availability. As  $D$  gets larger (and greater than one), utilization becomes disproportionately higher compared to availability. Statistical tests are used to determine whether the difference between the actual value of  $D$  and 1 are statistically significant, (*i.e.*, whether it can be stated with confidence that the difference in values is not due to chance (see Figure E.3).

**Figure E.3**  
**Disparity Ratio Indicating Areas of Significant and Non-Significant Disparity and Overutilization**



The statistical disparity ratio used in this study measures the difference between the proportion of available firms and the proportion of dollars those firms received. Therefore, as the proportion of contract dollars received becomes increasingly different than the proportion of available M/WBEs, an inference of discrimination can be made.

The concept of statistical significance as applied to disparity analysis is used to determine if the difference between the utilization and availability of M/WBEs could be attributed to chance. Significance testing often employs the t-distribution to measure the differences between the two proportions. The number of data points and the magnitude of the disparity affect the robustness of this test. The customary approach is to treat any variation greater than two standard deviations from what is expected as statistically significant.

A statistical significant outcome or result is one that is unlikely to have occurred as the result of random chance alone. The greater the statistical significance, the smaller the probability that it resulted from random chance alone. P-value is a standard measure used to represent the level of statistical significance. It states the numerical probability that the stated relationship is due to chance alone. For example, a p-value of 0.05 or 5 percent indicates that the chance a given statistical difference is due purely to chance is 1 in 20.

### **E.3 FINDINGS AND CONCLUSIONS**

#### **E.3.1 SIGNIFICANT DISPARITY**

Based on the statistical findings in the disparity chapter, the utilization of qualified firms as reflected by the percentage of contracts or purchase orders awarded, appears to be, for the most part at parity or above, when compared to the availability of ready, willing and able firms (RWA<sup>SM</sup>). Race/gender-conscious remedies can be considered only for those procurement categories and race/gender/ethnic groups highlighted in blue below, reflecting *statistically significant disparity*:



**Table E.1.**  
**Inference of Discrimination Based on Findings of Statistically Significant Disparity**  
**Total Dollars (Pure Prime + Subcontractor)**  
**By Race/Ethnicity/Gender**  
**By Procurement Type**

	MPO	PPS	PW	SSE	SOP
<b>African American</b>	(U) NS	(O) S	(U) S	(O) S	(O) S
<b>Asian American</b>	(U) NS	(U) NS	(-) S	(-) NS	(O) S
<b>Hispanic American</b>	(U) NS	(O) S	(O) NS	(O) NS	(O) S
<b>WBE</b>	(O) NS	(O) S	(U) S	(O) S	(O) S

Source: M<sup>3</sup> Consulting; Based on Level 2 RWA<sup>SM</sup> Availability and Contract Award Utilization

(O)—Overutilization

(U)—Underutilization

S—Statistically significant

NS—Non-Statistically significant

**Table E.2.**  
**Inference of Discrimination Based on Findings of Statistically Significant Disparity**  
**Prime Dollars Only**  
**By Race/Ethnicity/Gender**  
**By Procurement Type**

	MPO	PPS	PW	SSE	SOP
African American	(U) NS	(O) S	(U) S	(-) NS	(O) S
Asian American	(U) NS	(U) S	(-) S	(-) NS	(O) S
Hispanic American	(U) NS	(O) NS	(U) NS	(O) NS	(O) S
WBE	(O) NS	(U) NS	(U) S	(U) NS	(O) S

Source: M<sup>3</sup> Consulting; Based on Level 2 RWA<sup>SM</sup> Availability and Contract Award Utilization

(O)—Overutilization

(U)—Underutilization

S—Statistically significant

NS—Non-Statistically significant

## E.3.2 STATISTICAL FINDINGS IMPACTING STATISTICALLY SIGNIFICANT DISPARITY

### A. Relevant Market

Based on the data provided for this study, three relevant markets were defined:

- Philadelphia, PA-Camden, NJ-Wilmington, DE MSA—consists of 11 Counties: Philadelphia, Delaware, Burlington, Camden, Gloucester, Bucks, Chester, Montgomery, New Castle, Cecil, Salem (*utilized in prior Annual Disparity Studies*)
- Commonwealth of Pennsylvania; and,
- Nationwide.

The relevant market for each procurement category is summarized in Table E.3. The relevant market for each category is calculated separately because the location of the commercial activity that the City conducts with its vendors may vary based on the different procurement category.

<b>Table E.3. Summary of Relevant Market Determination</b>			
	<b>City of Philadelphia</b>	<b>MSA</b>	<b>State + MSA</b>
<b>Miscellaneous Purchase Orders</b>			✓
<b>Personal and Professional Services</b>			✓
<b>Public Works</b>		✓	
<b>Services, Supply and Equipment</b>			✓
<b>Small Order Purchases</b>			✓

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; Missing addresses may impact calculations; Blue highlight signifies the relevant market determination for the identified procurement category

## B. Availability Analysis

Table E.4 below summarizes the availability estimates for M/WBEs within the relevant market for the City. M<sup>3</sup> Consulting places emphasis on the availability estimates, based on Bidders and Sub-bidders + Subcontractors data at Level 2 of the RWA<sup>SM</sup> model. As defined previously, sub-bidders are firms associated with winning and non-winning prime bidders, as identified in bids and proposals; Subcontractors are firms identified by the City or a prime contractor through other documents, such as pay applications and invoices, and not already included in sub-bidders. The tables and the discussion are presented for the relevant markets by procurement type for all industries.

In Table E.4, marketplace availability measures, based on Census American Survey of Entrepreneurs, are presented as a benchmark of minority- and women-owned firm availability and for the City to consider potentially available firms for outreach purposes. We note that previously, the City relied on Census Survey of Business Owners (SBO) for Availability. This data has been discontinued by the Census.

### RWA<sup>SM</sup> Availability Findings

RWA<sup>SM</sup> Availability measures were calculated for PW, SSE and PPS. Separate calculations for SOP and MPO were not computed, as SOP is a subset of SSE and MPO a subset of PPS.

PPS Availability reflects 229 M/WBEs or 16.90 percent of 1,159 total discrete firms. M/WBE participation is driven by African American-owned firms at 5.19 percent, WBEs at 6.63 percent and Asian American-owned firms at 3.31 percent.

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Based on PW Availability, there are a total of 188 discrete firms at the prime and subcontractor level bidding on and being awarded Construction opportunities. The pool of available firms may be narrowed by City and State pre-qualification, bonding and insurance requirements. Of the 188 at Level 2, 78 firms are M/WBEs or 41.49 percent. However, at Level 1 (not shown here), only 15 firms of 125 are M/WBEs, suggesting that most M/WBEs are subcontractors.

For SSE Availability, there are no sub-bidders or subcontractors. Of the 1,297 discrete firms, 106 firms or 8.17 percent were M/WBEs. WBEs represented most of the M/WBEs at 63 firms, followed by Other MBEs at 24 firms.

**Table E.4.**  
**Summary Table - RWA<sup>SM</sup> Availability Percentage Participation**  
**City of Philadelphia**  
**Relevant Market; FY 2019**

Ethnicity	PPS/MPO <sup>1</sup>		PW <sup>2</sup>		SSE/SOP <sup>1</sup>	
	#	%	#	%	#	%
<b>Non-M/W/SBE</b>	<b>1,159</b>	<b>83.50</b>	110	58.51	<b>1,191</b>	<b>91.83</b>
African American	72	5.19	26	13.83	10	0.77
Asian American	46	3.31	0	0.00	4	0.31
Hispanic American	19	1.37	5	2.66	2	0.15
Native American	-	0.00	0	0.00	-	0.00
Other MBE	-	0.00	8	4.26	24	1.85
<b>Total MBE</b>	<b>137</b>	<b>9.87</b>	<b>39</b>	<b>20.74</b>	<b>40</b>	<b>3.08</b>
WBE	92	6.63	39	20.74	63	4.86
Other M/WBE	-	0.00	0	0.00	3	0.23
<b>Total M/WBE</b>	<b>229</b>	<b>16.50</b>	<b>78</b>	<b>41.49</b>	<b>106</b>	<b>8.17</b>
<b>Total</b>	<b>1,388</b>	<b>100.00</b>	<b>188</b>	<b>100.00</b>	<b>1,297</b>	<b>100.00</b>

Source: M<sup>3</sup> Consulting; City Contracts Data

<sup>1</sup>Nationwide

<sup>2</sup>MSA

### Census Availability Findings

There were over 130K Construction firms in the Philadelphia MSA, based on Census, compared to a total of 188 discrete firms that have come forward to do business with the City. M/WBEs represented 9,351 firms or 7.14 percent of the total pool. While Census Availability has a considerably larger pool of firms based on counts, M/WBEs represent a higher percentage of the total RWA<sup>SM</sup> than does Census. It is the availability *percentage* that weighs most heavily in the calculation of disparity.

## Executive Summary

M/WBEs represent 17.8 percent of Professional Services Availability, similar to PPS RWA<sup>SM</sup> Availability at 16.90 percent. M/WBE availability is driven by WBEs at 8.75 percent, followed by Asian American-owned firms and Other MBEs, both with over 3 percent availability.

For a measure comparable to SSE RWA<sup>SM</sup> Availability, Census Non-Professional Services Availability and Census Goods and Supplies Availability were combined. M/WBEs represent almost 21 percent of this pool of firms, with WBEs at 7.52 percent, and Asian American-owned firms and Other MBEs, both at over 5 percent availability.

**Table E.5.**  
**Summary Table - Census American Survey of Entrepreneurs Availability**  
**Philadelphia-Camden-Wilmington MSA, 2016**

Ethnicity	Construction		Professional Services		Goods and Supplies and Non-Professional Services	
	#	%	#	%	#	%
<b>Non-M/W/SBE</b>	<b>121,701</b>	<b>92.86</b>	<b>325,565</b>	<b>82.15</b>	<b>494,641</b>	<b>79.04</b>
African American	978	0.75	5,164	1.30	5,331	0.85
Asian American	760	0.58	12,241	3.09	35,600	5.69
Hispanic American	1,639	1.25	2,689	0.68	5,514	0.88
Native American	68	0.05	32	0.01	288	0.05
Other MBE	2,854	2.18	14,228	3.59	34,417	5.50
<b>Total MBE</b>	<b>6,299</b>	<b>4.81</b>	<b>34,354</b>	<b>8.67</b>	<b>81,150</b>	<b>12.97</b>
WBE	2,906	2.22	34,671	8.75	47,060	7.52
Other M/WBE	146	0.11	1,702	0.43	2,960	0.47
<b>Total M/WBE</b>	<b>9,351</b>	<b>7.14</b>	<b>70,727</b>	<b>17.85</b>	<b>131,170</b>	<b>20.96</b>
<b>Total</b>	<b>131,052</b>	<b>100.00</b>	<b>396,292</b>	<b>100.00</b>	<b>625,811</b>	<b>100.00</b>

Source: M<sup>3</sup> Consulting; Census American Survey of Entrepreneurs

The difference in Potential Availability (Marketplace) and Actual Availability (RWA<sup>SM</sup>) could reflect the impact on Actual Availability of “But-For Discrimination”, but it could also reflect the absence of outreach by the City to potentially available firms, as well. In other words, from the RWA<sup>SM</sup> estimates, bidders, sub-bidders, and awardees are presumed to be actually available, whereas the Census ASE includes firms that may not be actually available due to discrimination or other factors. Significantly more research and analysis is necessary to determine the reasons for differences in availability levels between RWA<sup>SM</sup> and Census ASE. Other than race- and gender-conscious goals, such factors influencing the difference between RWA<sup>SM</sup> Availability measures and Census ASE figures could include, but not be limited to:

- Firms available in Census ASE, while falling into a North American Industry Classification System code utilized by the City, do not provide the specific goods and services required by the City;
- Firms within the Census ASE availability pool may not be interested in doing business with the City or in the public sector; and,
- The City may be viewed by the community as a more inclusive environment, than the private sector or other public entities.

More conclusive determinations can be made regarding the difference between RWA<sup>SM</sup> and marketplace availability figures, if the Office of Economic Opportunity conducts inclusive outreach to and surveying of firms on lists such as the D&B and Business License lists. Unlike Census, these lists provide individual information data which allows the City to reach out to determine their interest and ability to provide their services to the City and the willingness of unverified D&B and Business Licenses Minority/Women-business enterprises to become certified to be eligible for the City's race- and gender-conscious initiatives,

### C. Utilization Analysis

Table E.6 summarizes utilization of M/WBEs by Contract Awards. Below is a discussion of M/WBE participation by procurement category.

#### Miscellaneous Purchase Orders (MPO) and Small Order Purchases (SOP)

Using PPS Availability as the goal for MPO and SSE Availability for SOP, MPOs and SOPs did not reach the PPS goal (36.6 percent) or the SSE goal (28.7 percent), at 18.52 percent and 16.34 percent.

Because these purchases tend to be small dollar purchases, capacity of firms should be less of an issue. As such, we would expect to see higher levels of participation, if not the highest levels, of M/WBE participation in these categories. We would also expect these purchases to be local. MPOs and SOPs reflect an overall trend of low prime awards to M/WBEs.

For MPOs, WBEs reflected the highest levels of M/WBE participation at 11.88 percent, followed by African American-owned firms at 3.81 percent and Asian American-owned firms at 2.74 percent.

For SOPs, M/WBE participation was fairly evenly spread across the different groups, with WBEs at 6.10 percent, Hispanic American-owned firms at 4.24 percent, African American-owned firms at 3.21 percent and Asian American-owned firms at 2.80 percent.

In looking at the relevant market for these purchases, less than 30 percent of MPO dollars were in the MSA/State of PA and less than 50 percent of SOP dollars were in the MSA/State of PA.<sup>3</sup>

### **Personal and Professional Services (PPS)**

PPS utilization was just shy of the 36.6 percent target at 36.56 percent.

African American-owned firms represented 20.32 percent of the 36.56 percent of Pure Prime+ Subcontract dollars. They represented 53.15 percent of PPS subcontractor dollars. One African American firm, U.S. Facilities, represented \$36 million of the \$57 million prime African American dollars. The \$39 million in African American subcontracting dollars was spread fairly evenly across several firms.

WBEs followed African American-owned business participation at 10.28 percent. Hispanic American- and Asian American-owned firms reflected less than 3 percent each.

### **Public Works (PW)**

PW fell short of the 29.7 percent target, at 28.66 percent for Pure Prime + Subcontractor dollars.

PW typically reflects the procurement category with the greatest number of subcontracting opportunities. We are unable to reflect the exact levels of M/WBE subcontractor participation because the City of Philadelphia does not track/report non-M/WBE subcontractor activity.

Of the 28.66 percent M/WBE participation, 3.66 represents prime M/WBE dollars and 4.59 percent reflects pure prime contractor M/WBE dollars. This connotes that M/WBEs participate primarily at the subcontractor level on the City's construction projects. WBEs and Hispanic American-owned firms won less than 2 percent of prime level dollars, while African American-owned firms did not reach 0.2 percent. Conversely, of the M/WBE subcontractor dollars, African American-owned firms represented 31.52 percent, compared to WBEs at 37.70 percent, Asian American-owned firms at 21.56 percent and Hispanic American-owned firms at 9.23 percent.

### **Services, Supply and Equipment (SSE)**

Similar to PPS, SSE fell slightly short of the 28.7 percent target, at 28.63 percent.

WBEs dominated M/WBE participation, representing 24.90 percent of the 28.63 percent M/WBE participation. WBE participation was largely at the subcontractor level, representing 87.55 percent of

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<sup>3</sup> Further research is necessary by the City to determine whether addresses for national headquarters, as opposed to satellite offices in Philadelphia, is causing this outcome.

M/WBE subcontracting activity. One firm represented 88.02 percent of WBE dollars. In contrast, WBEs represented only 1.23 percent of prime activity and 1.69 percent of pure prime activity.

African American-owned firms represented 3.37 percent of overall pure prime + subcontracting dollars. Their participation was achieved at the subcontracting level, representing 12.45 percent. One firm represented about 58 percent of the dollars. Asian American-owned firms had no participation, while Hispanic American-owned firms represented only 0.37 percent.



## Executive Summary

**Table E.6.**  
**Summary Table – Utilization by Relevant Market**  
**Based on Contracts Data**  
**City of Philadelphia**  
**Relevant Market; FY 2019**

Race/Ethnicity/Gender	MPO <sup>2</sup>		PPS <sup>2</sup>		PW <sup>1</sup>		SSE <sup>2</sup>		SOP <sup>2</sup>	
	\$	%	\$	%	\$	%	\$	%	\$	%
<b>Non-M/W/SBE</b>	<b>4,098,994</b>	<b>81.48</b>	<b>303,593,286</b>	<b>63.44</b>	<b>157,283,713</b>	<b>71.34</b>	<b>40,778,879</b>	<b>71.37</b>	<b>6,588,630</b>	<b>83.66</b>
African American	191,750	3.81	97,229,413	20.32	17,827,829	8.09	1,923,284	3.37	252,480	3.21
Asian American	138,000	2.74	13,491,585	2.82	11,993,055	5.44	-	0.00	220,467	2.80
Hispanic American	4,500	0.09	12,728,859	2.66	8,773,679	3.98	209,859	0.37	333,798	4.24
Native American	-	0.00	2,328,064	0.49	-	0.00	-	0.00	-	0.00
<i>Total MBE</i>	<i>334,250</i>	<i>6.64</i>	<i>125,777,921</i>	<i>26.28</i>	<i>38,594,563</i>	<i>15.51</i>	<i>2,133,143</i>	<i>3.73</i>	<i>806,745</i>	<i>10.24</i>
WBE	597,616	11.88	49,210,639	10.28	24,596,660	11.16	14,228,839	24.90	480,306	6.10
<b>Total M/WBE</b>	<b>931,866</b>	<b>18.52</b>	<b>174,988,561</b>	<b>36.56</b>	<b>63,191,223</b>	<b>28.66</b>	<b>16,361,982</b>	<b>28.63</b>	<b>1,287,052</b>	<b>16.34</b>
<b>Total</b>	<b>5,030,861</b>	<b>100.00</b>	<b>478,581,846</b>	<b>100.00</b>	<b>220,474,936</b>	<b>100.00</b>	<b>57,140,861</b>	<b>100.00</b>	<b>7,875,682</b>	<b>100.00</b>

Source: M<sup>3</sup> Consulting; City Contracts Data, Pure Prime+Subcontractor; MPO and SOP had little to no subcontractor data.

<sup>1</sup>MSA

<sup>2</sup>Nationwide

## D. Disparity Analysis

Table E.7 summarizes the disparity ratios discussed in this chapter for each procurement categories at the race/ethnic/gender group level, for the City procurements for the period FY 2019.

<b>Table E.7.</b> <b>Summary Disparity Ratios by Race, Ethnicity and Gender</b> <b>Utilization vs. <i>RWA</i><sup>SM</sup> Availability Level 2</b> <b>City of Philadelphia</b> <b>Relevant Market; FY 2019</b>					
Race/Ethnicity/Gender	MPO <sup>2</sup>	PPS <sup>2</sup>	PW <sup>1</sup>	SSE <sup>2</sup>	SOP <sup>2</sup>
<b>Non-M/W/SBE</b>	(U) NS	(U) S	(O) S	(U) S	(U) S
African American	(U) NS	(O) S	(U) S	(O) S	(O) S
Asian American	(U) NS	(U) NS	(-) S	(-) NS	(O) S
Hispanic American	(U) NS	(O) S	(O) NS	(O) NS	(O) S
Native American	-	-	-	-	-
<b>Total MBE</b>	(U) NS	(O) S	(O) S	(O) NS	(O) S
WBE	(O) NS	(O) S	(U) S	(O) S	(O) S
<b>Total M/WBE</b>	(O) S	(O) S	(U) S	(O) S	(O) S

Source: M<sup>3</sup> Consulting; M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; U=Underutilization; O=Overutilization; S=Significant; NS= Nonsignificant

<sup>1</sup>MSA

<sup>2</sup>Nationwide

## E.4 RECOMMENDATIONS

In light of the findings discussed in the previous chapters and the conclusions above, M<sup>3</sup> Consulting is providing the following recommendations to the City. The recommendations contain both race and gender-neutral and race and gender-conscious elements. The recommendations are grouped under the following categories:

- M/WBE Goals
- Inclusive Procurement Action Items
- Additional Recommendations

These recommendations consist of a listing of pertinent options from which the City may select in narrow tailoring its efforts to the findings of this report. The City should consider adoption of those recommendations that are considered most appropriate in terms of cost, resources, likely effectiveness, community acceptance and organizational feasibility.

### A. MWBE Goals

The actual setting of legally defensible race/gender-conscious M/WBE goals is a policy decision that requires action by the City. The City can establish overall M/WBE policy goals that then may be used by employees with buying authority. The City can then develop an action plan that specifies procedure, program and goal improvements that will be made and the timeline allocated for those tasks.

#### 1. Establishment of M/WBE Goals or Targets

The existence of established goals is an effective mechanism for establishing objectives for the City and in achieving the desired outcome, when effectively implemented. The establishment of a goal or target, in and of itself, does not render it race/gender-conscious. The manner in which it is utilized determines whether it is race/gender-conscious. If operations are inflexible and participation required, it falls into a quota. The annual goal should be utilized by the City to periodically evaluate the effectiveness of its program and its project-specific efforts, as well as to gauge whether it is appropriate to increase or decrease the mix of more aggressive remedies. In order to be legally defensible, the annual goal should be a *minimum achievable standard* for M/WBE inclusion and not a maximum barometer of exclusion.

In certain categories and for certain groups, race and gender-conscious means are supportable activities toward the achievement of established goals, based on the findings of statistically significant disparity, as shown below in Table E.8.

<b>Table E.8. Categories for Race/Ethnicity/Gender-Conscious and Race/Ethnicity/Gender-Neutral Means of Addressing Disparity By Procurement Type</b>		
	<b>Race and Gender-Conscious</b>	<b>Race and Gender-Neutral</b>
<b>MPO</b>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>African American</li> <li>Asian American</li> <li>Hispanic American</li> <li>Native American</li> <li>WBEs</li> </ul>
<b>PPS</b>	<ul style="list-style-type: none"> <li>Asian American</li> </ul>	<ul style="list-style-type: none"> <li>African American</li> <li>Hispanic American</li> <li>Native American</li> <li>WBEs</li> </ul>
<b>PW</b>	<ul style="list-style-type: none"> <li>African American</li> <li>WBE</li> </ul>	<ul style="list-style-type: none"> <li>Asian American</li> <li>Hispanic American</li> <li>Native American</li> <li></li> </ul>
<b>SSE</b>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>African American</li> <li>Asian American</li> <li>Hispanic American</li> <li>Native American</li> <li>WBEs</li> </ul>
<b>SOP</b>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>African American</li> <li>Asian American</li> <li>Hispanic American</li> <li>Native American</li> <li>WBEs</li> </ul>

Source: M<sup>3</sup> Consulting; Based on Level 2 RWA<sup>SM</sup> Availability and Contract Awards

As significant disparity is eliminated in the race and gender-conscious categories, the utilization of race and gender-neutral means in attaining the established goals should be increased. However, in all instances where race and gender-neutral means are utilized, if significant disparity re-emerges, then race and gender-conscious techniques can be utilized on a non-permanent basis to correct identified disparities.

While the City should utilize race and gender-neutral means to address participation of groups where there is no statistically significant disparity, that does not mean or condone passive or no outreach to these groups, as significant underutilization can emerge or re-emerge with lack of focus by the City to be inclusive.

## 2. Goal-Setting or Establishment of Availability Targets

Goals or Availability Targets should be based on both market conditions (availability) and actual levels of participation by the City (utilization). To ensure that goals properly reflect the opportunity being bid and that goals do not appear to be set-asides because the same goal for a procurement category is applied to every trade or commodity area within that procurement category, M<sup>3</sup> Consulting recommends that the City implement project-by-project goals. M<sup>3</sup> Consulting recommends the following formula for the calculation of goals/availability targets:

### Weighted M/WBE Over Availability Target

M/WBE Availability for Procurement Category x Procurement Category Dollars/Total Dollars x Adjustment for Past M/WBE Participation

### Specific Procurement Category Availability Target and/or Specific Race/Gender Availability Target

M/WBE Availability for Procurement Category or Race/Gender x Adjustment for Past M/WBE Participation

For the M/WBE Overall Calculations, the formula is computed as  $(23.70\% + 32.74\%) / 2 = 28.22\%$ . We note that the race/gender-conscious portion of any goal or target established should not exceed availability. The remaining portion of the goal should be met through race/gender-neutral means. Utilizing FY 2019 Availability and Utilization data, along with M/WBE participation for the last five years, the M/WBE Targets are as follows:

Table E.9. M/WBE Overall Goal Calculations					
Procurement Category	2019 M/WBE Availability	2019 % of Procurement Category Utilization/Total	Baseline Availability	Adjustment for Past Participation (5 yr median)	M/WBE Target
PPS	16.50%	61.43%	10.14%		
PW	41.49%	31.24%	12.96%		
SSE	8.17%	7.33%	0.60%		
Overall Goal			23.70%	32.74%	28.22%

Source: M<sup>3</sup> Consulting

Table E.10. Goal Calculations for Each Procurement Category			
Procurement Category	2019 M/WBE Availability	Adjustment for Past Participation (5 yr median)	M/WBE Target
PPS	16.50%	36.56%	26.53%
PW	41.49%	27%	34.25%
SSE	8.17%	28.63%	18.40%

Source: M<sup>3</sup> Consulting

## B. Inclusive Procurement Action Items

1. **Change inclusion focus from programmatic (*compliance* with M/WBE regulations) to organizational (*commitment* to inclusive procurement environment)**
  - a. Ensure leadership commitment and the articulation organization-wide of that commitment;
  - b. Address organizational and organizational culture issues impacting the effective implementation of M/WBE programmatic initiatives and procurement operations;
2. **Ensure an inclusive procurement environment which should incorporate the following elements:**
  - a. **Mission Driven**—The procurement and OEO objectives are tied directly to the overall vision, mission and goals of the City.
  - b. **Opportunity Driven**—OEO, along with Procurement Department, is driven by the City's opportunities—identifying them, understanding them, managing them, communicating them.
  - c. **Relationship Driven**—With the foundation that being opportunity driven provides, OEO and the City will be in the relationship development business. The Procurement Department and OEO will know its businesses that are capable of doing the City' work and ask the business community to share its goal of inclusive economic development.
  - d. **Data Driven**—Sound data and fully integrated systems will provide senior management with the information it needs to report on successfully meeting its objectives and maximizing

economic development, equity, organizational performance, along with the other objectives established by the Mayor and City Council.

### 3. Mission Driven Action Items

- a. **Action Item 1:** Summarize the City's Inclusion and Equity Mission, Objectives, Goals and Strategies as it relates to and espoused in the Mayor's Equity Framework, EO 3-12 and Title 17
- b. **Action Item 2:** Identify and Map All Current Initiatives to the Mayor's Equity Framework, EO 3-12 and Title 17 and Determine Efficacy of Initiatives in Meeting Stated Objectives;
- c. **Action Item 3:** Assess Infrastructure to Support Mission, Objectives and Programmatic Initiatives; and,
- d. **Action Item 4:** Develop Procurement/Contracting and OEO Standard Operating Procedures.

### 4. Opportunity Driven Action Items

- a. **Action Item 5:** Conduct an opportunity analysis of capital improvement projects and other large construction, IT or complex projects; and,
- b. **Action Item 6:** Develop process for budgeting and forecasting all procurement needs at least 6 months to one year prior to bid.

### 5. Relationship Driven Action Items

- a. **Action Item 7:** Engage in aggressive outreach and matchmaking at the point that the opportunity is known and funded, not at the point of bid; and,
- b. **Action Item 8:** Conduct firm assessment using *existing information and data* provided by small, minority and women-owned firms to identify the status of firms as emerging, intermediate and mature. Knowing this status allows the City to create customized capacity building initiatives.

### 6. Data Driven Action Items

- a. **Action Item 9:** Conduct Technology Infrastructure Review covering minimally platforms used for:
  - i. Public Works (A&E and Construction) Planning and Scheduling
  - ii. Budgeting and Forecasting
  - iii. Purchasing
  - iv. Payments
  - v. Contract Administration and Compliance
  - vi. Inclusion Tracking, Monitoring and Reporting

### C. Additional Recommendations

#### 1. Adjust EO 3-12 and Title 17 Goal-Based Language

- a. Adjust language in EO 3-12 and Title 17 to better reflect the City's objective of operating a non-discrimination program vs a goal-based program.
  - i. See Bay Area Rapid Transit Authority's Non-Discrimination Program Section IV. Presumption of Non-Discrimination ([https://www.bart.gov/about/business/ocr/OCR\\_nonDiscrim](https://www.bart.gov/about/business/ocr/OCR_nonDiscrim))
- b. To ensure the City and its stakeholders understand operation of EO 3-12 and Title 17, define difference between race/gender-conscious goal and an availability target
- c. Establishment of target
- d. Implementation of target

#### 2. Develop Local Small Business Enterprise Program

- a. Develop local small business enterprise program based upon:
  - i. Firm Size



- ii. Firm Location within a defined jurisdictional area—within City limits or MSA
- b. LSBE programs are subject to rationally related test vs. strict scrutiny
- c. Maximize LSBE Program tools, which are less available under M/WBE program and do not require a showing of statistically significant disparity
  - i. Goals and bid preferences
  - ii. Sheltered market
  - iii. Set-asides
- d. Track diversity of LSBEs to ensure there is no discrimination or concentration within the LSBE program
  - i. MWBEs
  - ii. Disabled
  - iii. Veterans
  - iv. LGBTQ
- e. Develop a certification process that is not overly burdensome or overly exclusive.
- f. Examples: Los Angeles County, CA; DeKalb County, GA; Broward County, FL (County Business Enterprise)

### 3. Develop Project Availability Targets

- a. Recognize and educate Departments that the overall Goal is a participation target for the City *first* and for the City's vendors *second*. The City should first try to achieve the goal through its actions—prime level buying decisions.
- b. The City's Overall Availability Targets should be tied to Annual Diverse Spend Availability Analysis *and* Upcoming Opportunities
  - i. See DBE baseline availability goal calculation

- c. Contract/project availability targets should reflect
  - i. Project scope of work
  - ii. Opportunities where there are at least 3 to 5 available M/WBEs or LSBEs
- d. The City should continuously monitor its diverse spend to determine whether there are areas of discriminatory activity where race/gender-conscious goals may be needed on a temporary and targeted basis

#### **4. Expand Bidder Pool By Creating a Transparent and Welcoming Environment**

- a. Ensure that leadership—both Mayors Office and City Council—continuously expresses commitment to M/WBE, LSBE and other diverse business participation
- b. Increase transparency of City of Philadelphia procurement process
  - i. See previous Inclusive Procurement Action Items
- c. Decrease touchpoints for small firms in City's decentralized procurement process
  - i. Maximize online bidding tools for vendor response to quotes, ITBs and RFPs
  - ii. Increase use of sourcing vehicles that allow multiple LSBE vendor contracts
- d. Conduct Procurement Diversity Climate Survey<sup>SM</sup> to determine values and attitudes of City personnel toward doing business with diverse businesses
  - i. Ensure that the City of Philadelphia has a climate that is welcoming to diverse businesses at all levels and in all departments
- e. Conduct survey of City of Philadelphia vendors to determine experiences doing business and/or attempting to do business with the City
- f. Review real-time quotes, RFPs and ITBs to ensure M/WBEs and other diverse businesses are being solicited by City personnel;
  - i. Allows City to determine patterns of City personnel with buying authority to include M/WBEs and other diverse businesses at the prime level

- ii. Consider allowing Procurement Commissioner and/or OEO to stop bids and quotes from departments who are not reaching out to M/WBEs
- g. Review and analyze Good Faith efforts reports to determine patterns of contractor efforts to include M/WBEs and other diverse businesses
- h. Expand outreach and matchmaking around budgeting and forecasting reports; expand vendor “how to do business” sessions
  - i. Matchmaking sessions with M/WBEs, LSBEs and City personnel
  - ii. Matchmaking sessions with M/WBEs, LSBEs and Prime Vendors/Contractors
- i. Maximize utilization of local small business tools to build capacity
- j. Ensure that diverse status of vendors is accessible on City’s vendors list to increase City personnel with buying authority real-time access to and responsibility for identifying M/WBEs and other diverse businesses
  - i. Locating and identifying diverse businesses should not be consider solely as the purview of OEO

### 5. Develop Diversity Evaluation Standards

- a. Include diversity efforts as part of personnel evaluation for City personnel with buying responsibilities
  - i. Define diversity expectations, i.e. Diverse spend by person with buying responsibility, Involvement in outreach and matchmaking sessions, Solicitation of M/WBEs on informal and formal opportunities

## E.5 SUMMARY

In submitting specific findings within this Diverse Spend Analysis for the City, M<sup>3</sup> Consulting formulated recommendations that allow the City to rely upon race and gender-conscious means when necessary to address ongoing hindrances to eliminate disparities, while also addressing M/WBE participation through race and gender-neutral efforts. Our statistical utilization analyses could serve as part of the policy and procedure-making decisions needed to ensure enhanced and legally defensible M/WBE participation in the City’s purchasing processes.

# **City of Philadelphia Office of Economic Opportunity Diverse Spend Analysis**

**In compliance with Annual Disparity Study  
FY 2019—Procurement Disparity  
July 2020**



# Contents

## Scope of Work

## Diverse Spend Analysis

- Relevant Market Analysis
- Availability Analysis
- Utilization Analysis
- Disparity Analysis

## Recommendations

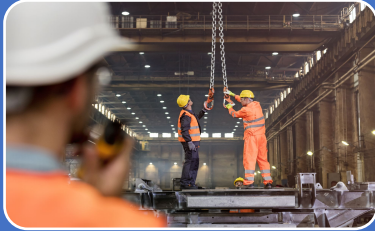
## Appendix

# Scope of Work

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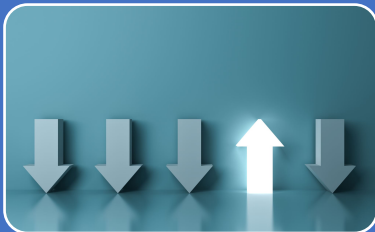
# City of Philadelphia Scope of Work for Diverse Spend and Workforce Analysis



Determine whether City's goals should be race/gender-conscious and include LGBTQ-owned firms



Determine procurement and workforce compliance on Projects with Economic Opportunity Plan



Recommend annual M/W/SBE and workforce goals

Source: Office of Economic Opportunity RFP for Annual Disparity Study\_(003)rev\_09\_09\_2019



# Philadelphia Regulations Governing Annual Diverse Spend and Workforce Analysis

- Philadelphia Code, Philadelphia Home Rule Charter, Article VI, Chapter 1, §6-109, Disadvantaged Business Enterprises.
- Philadelphia Code, Title 17. Contracts and Procurement, Chapter 17-1500, Annual Disparity Study and Participation Goals, Chapter 17-1600, Economic Opportunity Plans.
- Executive Order 03-12, Anti-Discrimination Policy Relating to the Participation of Minority, Women and Disabled Businesses in City Contracts

Source: Philadelphia Code; EO 03-12



# Elements of Diverse Spend Analysis

## Diverse Spend Analysis

- Relevant Market
- Availability
- Utilization
- Disparity and Statistical Significance
- Procurement Operations Review (limited—under separate cover)
- Goal Recommendations

# Procurement Categories Reviewed For Diverse Spend Analysis

## Diverse Spend Analysis

Miscellaneous  
Purchase  
Orders

Personal and  
Professional  
Services

Public Works

Services,  
Supplies and  
Equipment

Small Order  
Purchases



# Data Provided by City for Diverse Spend Analysis

## Databases

Procurement Department  
PHL Database

Finance Department  
ACIS Database

Public Works  
(PW)

Services,  
Supplies &  
Equipment (SSE)

Small Order  
Purchases (SOP)

Professional  
Services (PPS)

Misc. Purchase  
Order (MPO)

## Other Data Reviewed

- Philadelphia Code
- Available Procurement Procedures

### Procurement Operations Review



- Census American Survey of Entrepreneurs
  - Similar to Census Survey of Business Owners (SBO) previously relied on by the City
  - SBO data has been discontinued by Census

### Census Availability



# Diverse Spend Analysis

---



# Relevant Market Analysis



- 
- **By Procurement Category**
  - **By Location**
  - **By Race/Ethnicity/Gender**

# Determine Relevant Market

- Start with the assumption that the relevant market is the Philadelphia-Camden-Wilmington MSA
- Test determining the location of where the dollars were allocated by industry
- Test by determining location of 70-75 percent of vendors, bidders and awardees by industry

## City of Philadelphia

## Philadelphia, PA-Camden, NJ-Wilmington, DE

- 11 counties: Philadelphia, Delaware, Burlington, Camden, Gloucester, Bucks, Chester, Montgomery, New Castle, Cecil, Salem

## State of Pennsylvania + MSA

- Consists of firms in the State of Pennsylvania and counties in the MSA that are outside of the State.

## Nationwide

# Determine Relevant Market 70-75 Percent of Commercial Activity

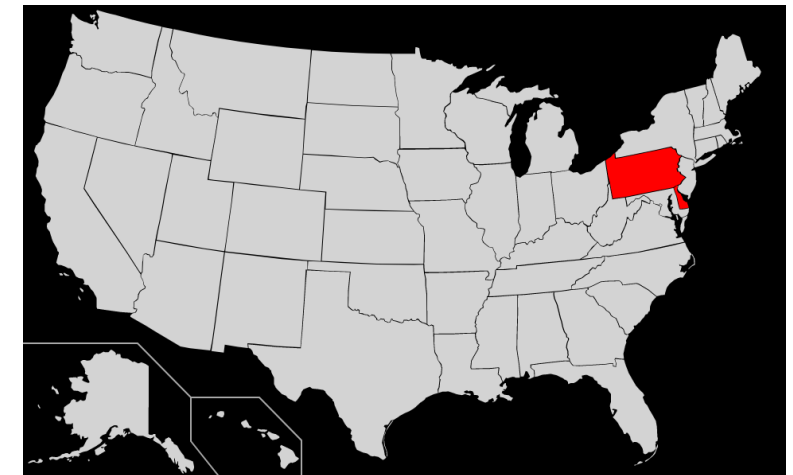
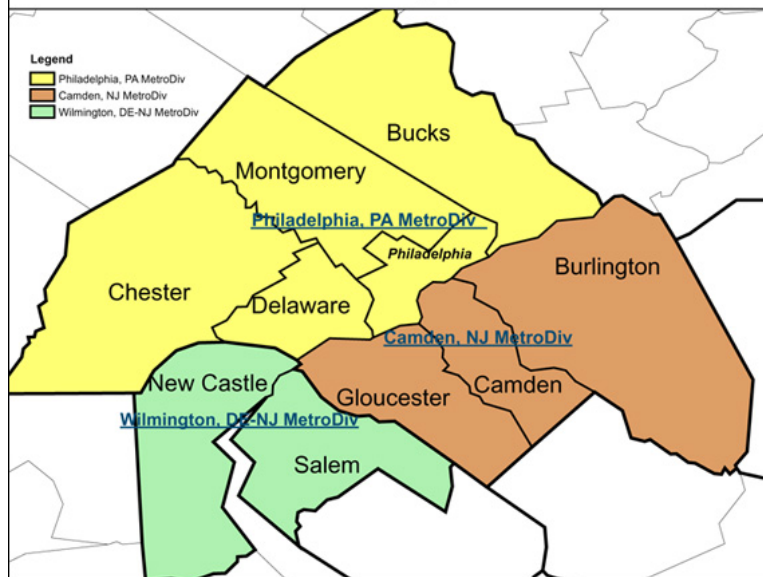
Start with City and then  
Philadelphia MSA; if not  
70-75%



Expand to State of  
Pennsylvania; if not 70-  
75%



Expand to Nationwide







# Relevant Market Discussion

- The relevant market calculations suggest that the City of Philadelphia does not purchase from local firms, particularly at the prime level.
  - Of the five procurement categories under review, only Public Works reflected a localized relevant market. The remaining categories reflected a relevant market of Nationwide. *See Table 1.*
  - Small purchases are typically purchased at the local level. However, neither MPO or SOPs reached 50 percent of vendors within the MSA nor 60 percent of vendors located within the State of Pennsylvania. *See Tables 2 and 6.*

## Table 1: Relevant Market Determinations

	City of Philadelphia	MSA	State + MSA	Nationwide
Miscellaneous Purchase Orders				✓
Personal and Professional Services				✓
Public Works		✓		
Services, Supply and Equipment				✓
Small Order Purchases				✓

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; Missing addresses may impact calculations

Blue highlight signifies the relevant market determination for the identified procurement category; Tables 2-6 provide supporting calculations for determinations in Table 1.



## Table 2: Miscellaneous Purchase Orders Relevant Market

	City of Philadelphia	MSA	State + MSA	Nationwide
	% of Total	% of Total	% of Total	Total
<b>Awardees</b>	11.62	21.21	19.70	198
<b>Bidders + Awardees</b>	19.04	43.33	42.87	1,297
<b>Contract Dollars</b>	17.17	27.52	28.58	\$5,030,861
<b>Contract Counts</b>	15.42	24.90	26.48	253

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; Missing addresses may impact calculations;  
Blue highlights signifies the first relevant market category to reached 70 to 75 percent of commercial activity



## Table 3: Personal and Professional Services Relevant Market

	City of Philadelphia	MSA	State + MSA	Nationwide
	% of Total	% of Total	% of Total	Total
<b>Awardees</b>	25.00	42.16	47.03	740
<b>Bidders + Awardees</b>	36.38	53.31	54.61	1,388
<b>Contract Dollars</b>	27.18	35.86	44.63	\$478,588,096
<b>Contract Counts</b>	24.60	37.48	43.63	683

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; Missing addresses may impact calculations;  
Blue highlights signify the first relevant market category to reached 70 to 75 percent of commercial activity



## Table 4: Public Works Relevant Market

	City of Philadelphia	MSA	State + MSA	Nationwide
	% of Total	% of Total	% of Total	Total
<b>Awardees</b>	31.79	78.15	73.51	151
<b>Bidders + Awardees</b>	50.26	96.41	92.31	195
<b>Contract Dollars</b>	57.81	90.59	90.76	\$243,366,444
<b>Contract Counts</b>	55.26	94.74	95.61	114

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; Missing addresses may impact calculations;  
Blue highlights signify the first relevant market category to reached 70 to 75 percent of commercial activity



## Table 5: Service, Supply & Equipment Relevant Market

	City of Philadelphia	MSA	State + MSA	Nationwide
	% of Total	% of Total	% of Total	Total
<b>Awardees</b>	26.19	54.76	52.38	84
<b>Bidders + Awardees</b>	19.04	43.33	42.87	1,297
<b>Contract Dollars</b>	2.36	13.94	16.53	\$57,140,861
<b>Contract Counts</b>	18.89	51.11	58.89	90

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; Missing addresses may impact calculations;  
Blue highlights signify the first relevant market category to reached 70 to 75 percent of commercial activity



## Table 6: Small Order Purchases Relevant Market

	City of Philadelphia	MSA	State + MSA	Nationwide
	% of Total	% of Total	% of Total	Total
<b>Awardees</b>	12.68	29.51	33.17	410
<b>Bidders + Awardees</b>	19.04	43.33	42.87	1,297
<b>Contract Dollars</b>	18.95	39.21	48.40	\$7,875,682
<b>Contract Counts</b>	19.29	41.54	53.38	1,182

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; Missing addresses may impact calculations;  
Blue highlights signify the first relevant market category to reached 70 to 75 percent of commercial activity



# Availability Analysis

---

- **RWA<sup>SM</sup> Availability**
- **Census Availability**
  - **By Procurement Category**
  - **By Location**
  - **By Race/Ethnicity/Gender**





# M<sup>3</sup> Consulting's *RWA<sup>SM</sup>* Model

M<sup>3</sup> Consulting employs two general approaches to measuring availability: the Ready, Willing and Able (RWA<sup>SM</sup>) Model, and Marketplace Availability.

## **RWA<sup>SM</sup> Availability**

Those firms who are ready, willing and able to do business with the City.

## **Marketplace Availability**

All firms' available in the City's marketplace, as measured by U.S. Census American Survey of Entrepreneurs.



## M<sup>3</sup> Consulting's *RWA<sup>SM</sup>* Model

**Premise: Those firms who are **Ready**, **Willing** and **Able** to do business with the City.**

Extends from *Croson*, which stated that “In this case, the city does not even know how many MBEs in the relevant market are qualified to undertake prime or subcontracting work in public construction projects.”

- **Ready**—firms that exist
- **Willing**—firms understand the requirements of the work being requested and want to perform the work
- **Able**—firms with the capacity to do the job

## Table 7: City-Specific RWA<sup>SM</sup> Availability

Under RWA<sup>SM</sup> Availability, bidders/subbidders are considered most indicative of firms that are ready, willing and able to do business with the City. However, data at this level is not always complete. As such, M<sup>3</sup> Consulting includes other City data in a cascading fashion to identify the most robust data possible for availability. When refined to the data available from the City of Philadelphia's, the RWA<sup>SM</sup> Model levels are defined below:

RWA <sup>SM</sup> Availability Level	RWA <sup>SM</sup> Availability Definition
<b>Level 1</b>	City Bidders and Sub-bidders
<b>Level 2</b>	City Bidders and Sub-bidders + Subcontractors
<b>Level 3</b>	City Bidders and Sub-bidders + Subcontractors + Vendors + OEO certified firms

Missing addresses may impact calculations; Calculations include bidders from FY 2017 to FY 2020 for PHL and FY 2018 to FY 2020 for ACIS; Level 3 not calculated because of missing procurement categories or business description in multiple vendors lists received. Sub-bidders are firms associated with winning and non-winning prime bidders, as identified in bids and proposals; Subcontractors are firms identified by a prime contractor through other documents, such as pay applications.

# RWA<sup>SM</sup> Availability



- 
- **By Procurement Category**
  - **By Location**
  - **By Race/Gender/Ethnicity**



## RWA<sup>SM</sup> Availability Discussion

- RWA<sup>SM</sup> Availability measures were calculated for PW, SSE and PPS. SOP is included in SSE and MPO in PPS.
- *Table 8: PPS Availability* reflects 229 M/WBEs or 16.90 percent of 1,159 total discrete firms. M/WBE participation is driven by African American-owned firms at 5.19 percent, WBEs at 6.63 percent and Asian American-owned firms at 3.31 percent.
- Based on *Table 9: PW Availability*, there are a total of 188 discrete firms at the prime and subcontractor level bidding on and being awarded Construction opportunities. The pool of available firms may be narrowed by City and State pre-qualification, bonding and insurance requirements. Of the 188 at Level 2, 78 firms are M/WBEs or 41.49 percent. However, at Level 1, only 15 firms of 125 are M/WBEs, suggesting that most M/WBEs are subcontractors.
- For SSE Availability, shown in *Table 10*, there are no sub-bidders or subcontractors. Of the 1,297 discrete firms, 106 firms or 8.17 percent were M/WBEs. WBEs represented most of the M/WBEs at 63 firms, followed by Other MBEs at 24 firms.

**Table 8:**  
**RWA<sup>SM</sup> Personal and Professional Services/Misc.**  
**Purchase Orders**

Ethnicity	Relevant Market: Nationwide			
	Level 1		Level 2	
	#	%	#	%
<b>Non-M/W/SBE</b>	<b>333</b>	<b>87.40</b>	<b>1,159</b>	<b>83.50</b>
African American	20	5.25	72	5.19
Asian American	9	2.36	46	3.31
Hispanic American	3	0.79	19	1.37
Native American	0	0.00	0	0.00
Other MBE	0	0.00	0	0.00
<b>Total MBE</b>	<b>32</b>	<b>8.40</b>	<b>137</b>	<b>9.87</b>
WBE	16	4.20	92	6.63
Other M/WBE	0	0.00	0	0.00
<b>Total M/WBE</b>	<b>48</b>	<b>12.60</b>	<b>229</b>	<b>16.50</b>
<b>Total</b>	<b>381</b>	<b>100.00</b>	<b>1,388</b>	<b>100.00</b>

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; Missing addresses may impact calculations; Level 2 includes sub-awardees;

**Table 9:**  
**RWA<sup>SM</sup> Public Works**

Ethnicity	Relevant Market: MSA			
	Level 1		Level 2	
	#	%	#	%
<b>Non-M/W/SBE</b>	110	88.00	110	58.51
African American	2	1.60	26	13.83
Asian American	0	0.00	0	0.00
Hispanic American	2	1.60	5	2.66
Native American	0	0.00	0	0.00
Other MBE	2	1.60	8	4.26
<b>Total MBE</b>	<b>6</b>	<b>4.80</b>	<b>39</b>	<b>20.74</b>
WBE	9	7.20	39	20.74
Other M/WBE	0	0.00	0	0.00
<b>Total M/WBE</b>	<b>15</b>	<b>12.00</b>	<b>78</b>	<b>41.49</b>
<b>Total</b>	<b>125</b>	<b>100.00</b>	<b>188</b>	<b>100.00</b>

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; Missing addresses may impact calculations; Level 2 includes sub-awardees

**Table 10:**  
**RWA<sup>SM</sup> Service, Supply & Equipment/Small Order Purchases**

Ethnicity	Relevant Market: Nationwide			
	Level 1		Level 2	
	#	%	#	%
<b>Non-M/W/SBE</b>	<b>1,191</b>	<b>91.83</b>	<b>1,191</b>	<b>91.83</b>
African American	10	0.77	10	0.77
Asian American	4	0.31	4	0.31
Hispanic American	2	0.15	2	0.15
Native American	-	0.00	-	0.00
Other MBE	24	1.85	24	1.85
<b>Total MBE</b>	<b>40</b>	<b>3.08</b>	<b>40</b>	<b>3.08</b>
WBE	63	4.86	63	4.86
Other M/WBE	3	0.23	3	0.23
<b>Total M/WBE</b>	<b>106</b>	<b>8.17</b>	<b>106</b>	<b>8.17</b>
<b>Total</b>	<b>1,297</b>	<b>100.00</b>	<b>1,297</b>	<b>100.00</b>

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; Missing addresses may impact calculations; Level 2 is the same as Level 1, as all formal, informal and sub-awardees are included in the City's bidder pool at Level 1.



# Census Availability



- 
- **American Survey of Entrepreneurs**
    - **Philadelphia-Camden-Wilmington,  
PA-NJ-DE-MD Metro Area**

# Census Availability Discussion

- There were over 130K Construction firms in the Philadelphia MSA (*Table 11*), based on Census, compared to a total of 188 discrete firms that have come forward to do business with the City. M/WBEs represented 9,351 firms or 7.14 percent of the total pool. While Census Availability has a considerably larger pool of firms based on counts, M/WBEs represent a higher percentage of the total RWA<sup>SM</sup> than does Census. It is the availability percentage that weighs most heavily in the calculation of disparity.
  - The difference between RWA<sup>SM</sup> and Census Availability suggests that additional outreach is needed to firms in the general marketplace; the difference cannot be interpreted as a showing of discrimination without further evidence.
- M/WBEs represent 17.8 percent of Professional Services Availability (*Table 12*), similar to PPS RWA<sup>SM</sup> Availability at 16.90 percent. M/WBE availability is driven by WBEs at 8.75 percent, followed by Asian American-owned firms and Other MBEs, both with over 3 percent availability.
- For a measure comparable to SSE RWA<sup>SM</sup> Availability, Census Non-Professional Services Availability in *Table 13* and Census Goods and Supplies Availability in *Table 14* are combined in *Table 15*. M/WBEs represent almost 21 percent of this pool of firms, with WBEs at 7.52 percent, and Asian American-owned firms and Other MBEs, both at over 5 percent availability.

## Table 11: Census Construction

Philadelphia-Camden-Wilmington MSA		
Ethnicity	# Firms with Paid Employees	
	#	%
<b>Non-M/W/SBE</b>	<b>121,701</b>	<b>92.86</b>
African American	978	0.75
Asian American	760	0.58
Hispanic American	1,639	1.25
Native American	68	0.05
Other MBE	2,854	2.18
<b>Total MBE</b>	<b>6,299</b>	<b>4.81</b>
WBE	2,906	2.22
Other M/WBE	146	0.11
<b>Total M/WBE</b>	<b>9,351</b>	<b>7.14</b>
<b>Total</b>	<b>131,052</b>	<b>100.00</b>

Source: M<sup>3</sup> Consulting; Census American Survey of Entrepreneurs

## Table 12: Census Professional Services

Philadelphia-Camden-Wilmington MSA		
Ethnicity	# Firms with Paid Employees	
	#	%
<b>Non-M/W/SBE</b>	<b>325,565</b>	<b>82.15</b>
African American	5,164	1.30
Asian American	12,241	3.09
Hispanic American	2,689	0.68
Native American	32	0.01
Other MBE	14,228	3.59
<b>Total MBE</b>	<b>34,354</b>	<b>8.67</b>
WBE	34,671	8.75
Other M/WBE	1,702	0.43
<b>Total M/WBE</b>	<b>70,727</b>	<b>17.85</b>
<b>Total</b>	<b>396,292</b>	<b>100.00</b>

Source: M<sup>3</sup> Consulting; Census American Survey of Entrepreneurs

## Table 13: Census Non-Professional Services

Philadelphia-Camden-Wilmington MSA		
Ethnicity	# Firms with Paid Employees	
	#	%
<b>Non-M/W/SBE</b>	<b>297,613</b>	<b>77.98</b>
African American	4,940	1.29
Asian American	21,050	5.52
Hispanic American	2,747	0.72
Native American	216	0.06
Other MBE	20,534	5.38
<b>Total MBE</b>	<b>49,487</b>	<b>12.97</b>
WBE	32,071	8.40
Other M/WBE	2,464	0.65
<b>Total M/WBE</b>	<b>84,022</b>	<b>22.02</b>
<b>Total</b>	<b>381,635</b>	<b>100.00</b>

Source: M<sup>3</sup> Consulting; Census American Survey of Entrepreneurs

## Table 14: Census Goods & Supplies

Philadelphia-Camden-Wilmington MSA		
Ethnicity	# Firms with Paid Employees	
	#	%
<b>Non-M/W/SBE</b>	<b>197,028</b>	<b>80.69</b>
African American	391	0.16
Asian American	14,550	5.96
Hispanic American	2,767	1.13
Native American	72	0.03
Other MBE	13,883	5.69
<b>Total MBE</b>	<b>31,663</b>	<b>12.97</b>
WBE	14,989	6.14
Other M/WBE	496	0.20
<b>Total M/WBE</b>	<b>47,148</b>	<b>19.31</b>
<b>Total</b>	<b>244,176</b>	<b>100.00</b>

Source: M<sup>3</sup> Consulting; Census American Survey of Entrepreneurs

**Table 15:**  
**Census Combined Goods & Supplies and Non-Professional Services**

Philadelphia-Camden-Wilmington MSA		
Ethnicity	# Firms with Paid Employees	
	#	%
<b>Non-M/W/SBE</b>	<b>494,641</b>	<b>79.04</b>
African American	5,331	0.85
Asian American	35,600	5.69
Hispanic American	5,514	0.88
Native American	288	0.05
Other MBE	34,417	5.50
<b>Total MBE</b>	<b>81,150</b>	<b>12.97</b>
WBE	47,060	7.52
Other M/WBE	2,960	0.47
<b>Total M/WBE</b>	<b>131,170</b>	<b>20.96</b>
<b>Total</b>	<b>625,811</b>	<b>100.00</b>



# Utilization Analysis

---

- **By Procurement Category**
- **By Relevant Market**
- **By Race/Ethnicity/Gender**



# Utilization Analysis

**Definition**—The actual purchasing activity of the City

Data Sources: These sources represent a specific point in the purchasing and contracting process and, when compared, can provide some insight into the M/WBE experience from point of bid to point of contract close-out.

## Contracts Data

- Bidder Tabulations—reflects “winning bidder”
  - *PHL and ACIS data provided by the City*
- Invoices and Pay Applications—represents payments as reported directly by the contractor/consulting/vendor

## Payments Data

- Purchase Orders—represents contracts/POs at point of contract execution
- Accounts Payable—represents payments against executed contracts
- Purchasing Cards—represents payments against small purchases not subject to competitive bidding



## Utilization Activity Reported by:

- Federal and non-Federal activity
- Procurement categories
- Competitive and non-competitive thresholds
- Race gender and ethnicity
- Prime and subcontractor utilization
- Relevant market activity
- Specialties
  - *To degree data is available*

## Utilization Discussion—Overall Goals

The City of Philadelphia established the following goals for FY 2019:

Overall  
goal  
35%

MBE  
goal  
20.4%

WBE  
goal  
16.0%

PW  
goal  
29.7%

PPS  
goal  
36.6%

SSE  
goal  
28.7%

## Table 16: Utilization Discussion—Overall Goal Attainment

Row Labels	Total Awards	MBE%	WBE%	MWBE %	Procurement Type Goal (Previous Study)	Goal Achieved	Goal Variance
Miscellaneous Purchase Orders (MPO)	5,030,861	6.64	11.88	18.52	36.60	NO	18.08
Personal & Professional Services (PPS)	478,588,096	26.28	10.28	36.56	36.60	NO	0.04
Public Works (PW)	243,366,444	16.60	10.41	27.00	29.70	NO	2.70
Service, Supply & Equipment (SSE)	57,140,861	3.73	24.90	28.63	28.70	NO	0.07
Small Order Purchases (SOP)	7,875,682	10.24	6.10	16.34	28.70	NO	12.36
Grand Total	792,001,943	21.39	11.34	32.74			

# Miscellaneous Purchase Order and Small Order Purchases Utilization Discussion

- Using PPS Availability as the goal for MPO and SSE Availability for SOP, MPOs and SOPs did not reach the PPS goal (36.6 percent) or the SSE goal (28.7 percent), at 18.52 percent and 16.34 percent (*Table 16*).
  - Because these purchases tend to be small dollar purchases, capacity of firms should be less of an issue. As such, we would expect to see higher levels, if not the highest levels, of M/WBE participation in these categories.
  - We would also expect these purchases to be local.
  - MPOs and SOPs reflect an overall trend of low prime awards to M/WBEs.
- For MPOs shown in *Table 17*, WBEs reflected the highest levels of M/WBE participation at 11.88 percent, followed by African American-owned firms at 3.81 percent and Asian American-owned firms at 2.74 percent.
- For SOPs, M/WBE participation was fairly evenly spread across the different groups, as shown in *Table 21*, with WBEs at 6.10 percent, Hispanic American-owned firms at 4.24 percent, African American-owned firms at 3.21 percent and Asian American-owned firms at 2.80 percent.
- In looking at the relevant market for these purchases, less than 30 percent of MPO dollars were in the MSA/State of PA (*Table 2*) and less than 50 percent of SOP dollars were in the MSA/State of PA (*Table 6*).



# Personal and Professional Services Utilization Discussion

- In *Table 16*, PPS utilization was just shy of the 36.6 percent target at 36.56 percent.
- As shown in *Table 18*, African American-owned firms represented 20.32 percent of the 36.56 percent of Pure Prime+ Subcontract dollars. They represented 53.15 percent of PPS M/WBE subcontractor dollars.
  - One African American firm, U.S. Facilities, represented \$36 million of the \$57 million prime African American dollars.
  - The \$39 million in African American subcontracting dollars was spread fairly evenly across several firms.
- WBEs followed African American-owned business participation at 10.28 percent. Hispanic American- and Asian American-owned firms reflected less than 3 percent each.



# Public Works Utilization Discussion

- PW fell short of the 29.7 percent target, at 28.66 percent for Pure Prime + Subcontractor dollars, as shown in *Table 16*.
- PW typically reflects the procurement category with the greatest number of subcontracting opportunities. We are unable to reflect the exact levels of M/WBE subcontractor participation because the City of Philadelphia does not track/report non-M/WBE subcontractor activity.
- Of the 28.66 percent M/WBE participation reflected in *Table 19*, 3.66 represents prime M/WBE dollars and 4.59 percent reflects pure prime contractor M/WBE dollars. This connotes that M/WBEs participate primarily at the subcontractor level on the City's construction projects.
  - WBEs and Hispanic American-owned firms won less than 2 percent of prime level dollars, while African American-owned firms did not reach 0.2 percent.
  - Conversely, of the M/WBE subcontractor dollars, African American-owned firms represented 31.52 percent, compared to WBEs at 37.70 percent, Asian American-owned firms at 21.56 percent and Hispanic American-owned firms at 9.23 percent.



# Service, Supply and Equipment Utilization Discussion

- Similar to PPS, SSE fell slightly short of the 28.7 percent target, at 28.63 percent (*Table 16*).
- In *Table 20*, WBEs dominated M/WBE participation, representing 24.90 percent of the 28.63 percent total M/WBE participation.
  - WBE participation was largely at the subcontractor level, representing 87.55 percent of M/WBE subcontracting activity. One firm represented 88.02 percent of WBE dollars.
  - In contrast, WBEs represented only 1.23 percent of prime activity and 1.69 percent of pure prime activity.
- African American-owned firms represented 3.37 percent of overall pure prime + subcontracting dollars. Their participation was achieved at the subcontracting level, representing 12.45 percent. One firm represented about 58 percent of the dollars.
- Asian American-owned firms had no participation, while Hispanic American-owned firms represented only 0.37 percent.



## Table 17: Miscellaneous Purchase Orders

Relevant Market: Nationwide								
	Prime Dollars		Pure Prime (net of subcontractors)		Subcontractor		Pure Prime + Sub	
Ethnicity	\$	%	\$	%	\$	%	\$	%
<b>Non-MWDBE</b>	<b>4,098,994</b>	<b>81.48</b>	<b>4,098,994</b>	<b>81.48</b>	<b>N/A</b>	<b>N/A</b>	<b>4,098,994</b>	<b>81.48</b>
African American	191,750	3.81	191,750	3.81	-	0.00	191,750	3.81
Asian American	138,000	2.74	138,000	2.74	-	0.00	138,000	2.74
Hispanic American	4,500	0.09	4,500	0.09	-	0.00	4,500	0.09
Native American	-	0.00	-	0.00	-	0.00	-	0.00
<b>Total MBE</b>	<b>334,250</b>	<b>6.64</b>	<b>334,250</b>	<b>6.64</b>	-	0.00	<b>334,250</b>	<b>6.64</b>
WBE	597,616	11.88	597,616	11.88	-	0.00	597,616	11.88
<b>Total M/WBE</b>	<b>931,866</b>	<b>18.52</b>	<b>931,866</b>	<b>18.52</b>	-	0.00	<b>931,866</b>	<b>18.52</b>
<b>Total</b>	<b>5,030,861</b>	<b>100.00</b>	<b>5,030,861</b>	<b>100.00</b>	-	0.00	<b>5,030,861</b>	<b>100.00</b>

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; Blue highlight denotes category relied upon for disparity calculations

## Table 18: Personal and Professional Services

Relevant Market: Nationwide								
	Prime Dollars		Pure Prime (net of subcontractors)		Subcontractor		Pure Prime + Sub	
Ethnicity	\$	%	\$	%	\$	%	\$	%
Non-MWDBE	376,218,685	78.61	303,593,286	75.25	N/A	N/A	303,593,286	63.44
African American	57,895,327	12.10	57,298,313	14.20	39,931,100	53.15	97,229,413	20.32
Asian American	4,457,554	0.93	4,335,554	1.07	9,156,031	12.19	13,491,585	2.82
Hispanic American	8,977,066	1.88	8,508,126	2.11	4,220,733	5.62	12,728,859	2.66
Native American	1,875,960	0.39	1,708,364	0.42	619,700	0.82	2,328,064	0.49
Total MBE	73,205,907	15.30	71,850,358	17.81	53,927,563	71.79	125,777,921	26.28
WBE	29,163,504	6.09	28,015,334	6.94	21,195,305	28.21	49,210,639	10.28
Total M/WBE	102,309,412	21.39	99,865,692	24.75	75,122,869	100.00	174,988,561	36.56
Total	478,588,096	100.00	403,458,978	100.00	75,122,869	100.00	478,581,846	100.00

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; Blue highlight denotes category relied upon for disparity calculations

## Table 19: Public Works

Relevant Market: MSA								
	Prime Dollars		Pure Prime (net of subcontractors)		Subcontractor		Pure Prime + Sub	
Ethnicity	\$	%	\$	%	\$	%	\$	%
<b>Non-MWDBE</b>	<b>212,396,288</b>	<b>96.34</b>	<b>157,283,713</b>	<b>95.41</b>	-	0.00	<b>157,283,713</b>	<b>71.34</b>
African American	295,877	0.13	295,877	0.18	17,531,952	31.52	<b>17,827,829</b>	<b>8.09</b>
Asian American	-	0.00	-	0.00	11,993,055	21.56	<b>11,993,055</b>	<b>5.44</b>
Hispanic American	3,667,497	1.66	3,640,284	2.21	5,133,396	9.23	<b>8,773,679</b>	<b>3.98</b>
Native American	-	0.00	-	0.00	-	0.00	-	<b>0.00</b>
<b>Total MBE</b>	<b>3,963,374</b>	<b>1.80</b>	<b>3,936,161</b>	<b>2.39</b>	<b>34,658,403</b>	<b>62.30</b>	<b>38,594,563</b>	<b>15.51</b>
WBE	4,115,274	1.87	3,626,097	2.20	20,970,563	37.70	<b>24,596,660</b>	<b>11.16</b>
<b>Total M/WBE</b>	<b>8,078,648</b>	<b>3.66</b>	<b>7,562,258</b>	<b>4.59</b>	<b>55,628,966</b>	<b>100.00</b>	<b>63,191,223</b>	<b>28.66</b>
<b>Total</b>	<b>220,474,936</b>	<b>100.00</b>	<b>164,845,970</b>	<b>100.00</b>	<b>55,628,966</b>	<b>100.00</b>	<b>220,474,936</b>	<b>100.00</b>

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; Blue highlight denotes category relied upon for disparity calculations

## Table 20: Service, Supply & Equipment

Relevant Market: Nationwide								
	Prime Dollars		Pure Prime (net of subcontractors)		Subcontractor		Pure Prime + Sub	
Ethnicity	\$	%	\$	%	\$	%	\$	%
<b>Non-MWDBE</b>	<b>56,226,167</b>	<b>98.40</b>	<b>40,778,879</b>	<b>97.81</b>	-	0.00	<b>40,778,879</b>	<b>71.37</b>
African American	380	0.00	380	0.00	1,922,904	12.45	<b>1,923,284</b>	<b>3.37</b>
Asian American	-	0.00	-	0.00	-	0.00	-	<b>0.00</b>
Hispanic American	209,859	0.37	209,859	0.50	-	0.00	<b>209,859</b>	<b>0.37</b>
Native American	-	0.00	-	0.00	-	0.00	-	<b>0.00</b>
<b>Total MBE</b>	<b>210,239</b>	<b>0.37</b>	<b>210,239</b>	<b>0.50</b>	<b>1,922,904</b>	<b>12.45</b>	<b>2,133,143</b>	<b>3.73</b>
WBE	704,455	1.23	704,455	1.69	13,524,384	87.55	<b>14,228,839</b>	<b>24.90</b>
<b>Total M/WBE</b>	<b>914,694</b>	<b>1.60</b>	<b>914,694</b>	<b>2.19</b>	<b>15,447,288</b>	<b>100.00</b>	<b>16,361,982</b>	<b>28.63</b>
<b>Total</b>	<b>57,140,861</b>	<b>100.00</b>	<b>41,693,573</b>	<b>100.00</b>	<b>15,447,288</b>	<b>100.00</b>	<b>57,140,861</b>	<b>100.00</b>

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; Blue highlight denotes category relied upon for disparity calculations

## Table 21: Small Order Purchases

Relevant Market: Nationwide								
	Prime Dollars		Pure Prime (net of subcontractors)		Subcontractor		Pure Prime + Sub	
Ethnicity	\$	%	\$	%	\$	%	\$	%
<b>Non-MWDBE</b>	<b>6,590,090</b>	<b>83.68</b>	<b>6,588,630</b>	<b>83.67</b>	<b>N/A</b>	<b>N/A</b>	<b>6,588,630</b>	<b>83.66</b>
African American	252,480	3.21	252,480	3.21	-	0.00	252,480	3.21
Asian American	220,467	2.80	220,467	2.80	-	0.00	220,467	2.80
Hispanic American	333,798	4.24	333,798	4.24	-	0.00	333,798	4.24
Native American	-	0.00	-	0.00	-	0.00	-	0.00
<b>Total MBE</b>	<b>806,745</b>	<b>10.24</b>	<b>806,745</b>	<b>10.25</b>	-	0.00	<b>806,745</b>	<b>10.24</b>
WBE	478,846	6.08	478,846	6.08	1,460	100.00	480,306	6.10
<b>Total M/WBE</b>	<b>1,285,592</b>	<b>16.32</b>	<b>1,285,592</b>	<b>16.33</b>	<b>1,460</b>	<b>100.00</b>	<b>1,287,052</b>	<b>16.34</b>
<b>Total</b>	<b>7,875,682</b>	<b>100.00</b>	<b>7,874,222</b>	<b>100.00</b>	<b>1,460</b>	<b>100.00</b>	<b>7,875,682</b>	<b>100.00</b>

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; Blue highlight denotes category relied upon for disparity calculations

# City Departments Utilization Discussion

- About 70 percent of the City's procurement spend is covered by the top five departments.
- Four of the five departments met their M/WBE goal. Only Public Property did not meet its departmental, by less than 2 percent.
- Goals met primarily through PPS prime contracting activity.

Department	M/WBE Goal	M/WBE Participation Achieved
Water	30 percent	31.62 percent
Aviation	32 percent	36.58 percent
Prisons	35 percent	35.63 percent
Streets	32 percent	33.10 percent
Public Property	50 percent	48.88 percent



# Utilization Discussion—Overall Goal Attainment

13 departments out of a total of 35 departments with goals met their established 2019 goal.

	Number	% of Departments with Goals
Departments Met Goal	13	37.14
Departments Missed Goal	22	62.80
Departments with Goals	35	
Departments with No Goals Assigned	12	
Total Departments	47	



# Disparity Analysis

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- **Utilization/RWA<sup>SM</sup> Availability**
- **Utilization/Census Availability**
  - **By Procurement Category**
  - **By Location**
  - **By Race/Ethnicity/Gender**





# M<sup>3</sup> Consulting Disparity Ratio© Calculation

Disparity Calculation =

The proportion of dollars  
spent with M/W/DBEs  
(*utilization*)

*compared to*

The ratio of the percentage of  
M/W/DBEs in the market  
(*availability*)

$$A_m = \frac{N_m}{N_t} \quad A_w = \frac{N_w}{N_t} \quad D = \frac{U}{A}$$

A = Availability, N = number of firms, m = minority firms, t = total firms, D = Disparity ratio, U = Utilization



# Statistical Significance

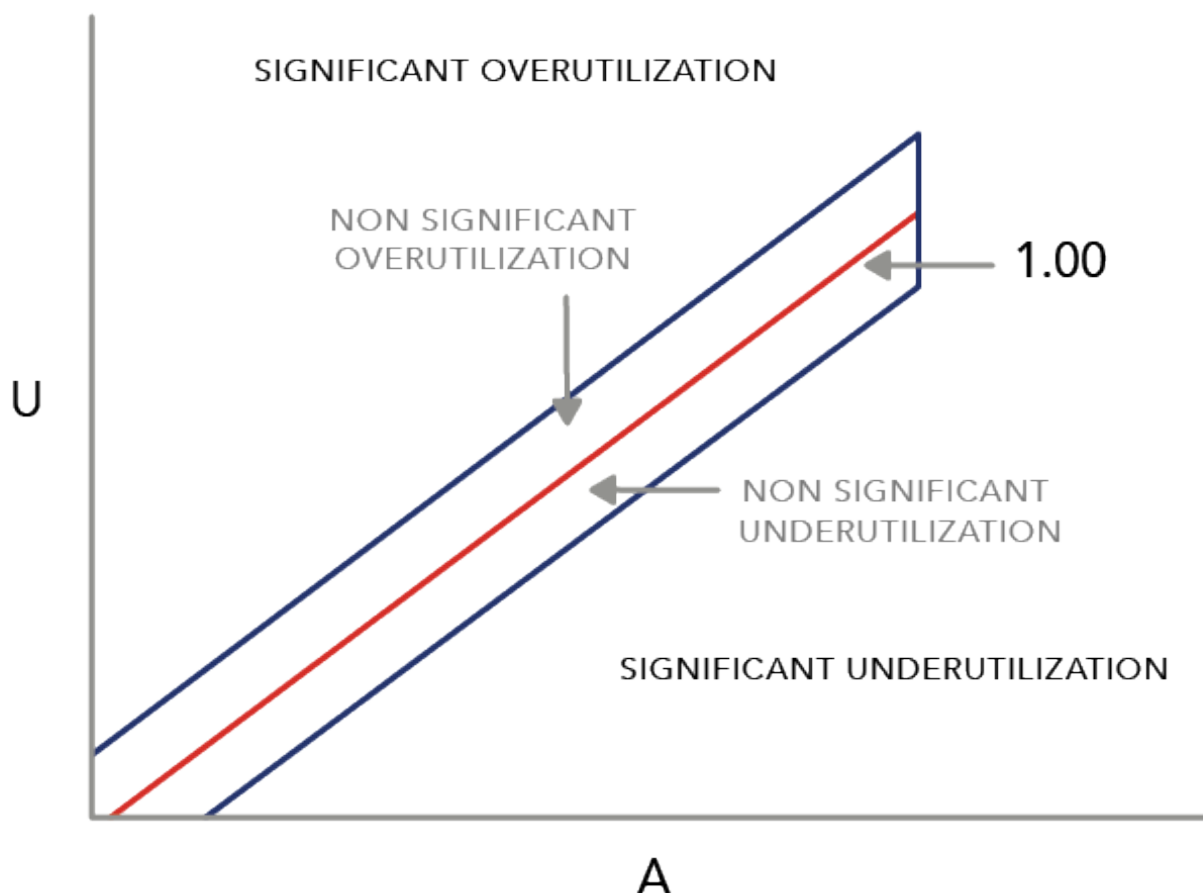
- A statistically significant outcome or result is one that is unlikely to have occurred as the result of random chance alone. The greater the statistical significance, the smaller the probability that it resulted from random chance alone.
- Binomial distribution are used to determine the statistical significance of the calculated ratios with an acceptable confidence level of 95 percent, thus providing a strong measure of assurance that differences from 1.0 are not a result of chance occurrences.

# M<sup>3</sup> Disparity Ratio Concept©...

## Disparity=Utilization/Availability

### M<sup>3</sup> CONSULTING DISPARITY RATIO

- Overutilization suggests that firms have been utilized (received contracts) in greater proportion than their availability in the marketplace.



- The red line or 1.00 equals parity. Any activity within the blue zone—non-significant—the courts interpret as possibly due to chance.
- When firms are significantly underutilized, the courts allow the public entity to draw an inference of discrimination.

## Table 22: Summary of Disparity Based on Pure Prime+Sub Utilization and RWA<sup>SM</sup> Availability

Ethnicity	MPO	PPS	PW	SSE	SOP
<b>Non-MWDBE</b>	(U) NS	(U) S	(O) S	(U) S	(U) S
African American	(U) NS	(O) S	(U) S	(O) S	(O) S
Asian American	(U) NS	(U) NS	(-) S	(-) NS	(O) S
Hispanic American	(U) NS	(O) S	(O) NS	(O) NS	(O) S
Native American	-	-	-	-	-
<b>Total MBE</b>	(U) NS	(O) S	(O) S	(O) NS	(O) S
WBE	(O) NS	(O) S	(U) S	(O) S	(O) S
<b>Total M/WBE</b>	(O) S	(O) S	(U) S	(O) S	(O) S

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; U=Underutilization; O=Overutilization; S=Significant; NS= Nonsignificant; Blue highlights denotes statistically significant disparity



**Table 23:**  
**Summary of Disparity Based on Prime Utilization**  
**and RWA<sup>SM</sup> Availability**

<b>Ethnicity</b>	<b>MPO</b>	<b>PPS</b>	<b>PW</b>	<b>SSE</b>	<b>SOP</b>
<b>Non-MWDBE</b>	(U) NS	(U) S	(O) S	(O) S	(U) S
African American	(U) NS	(O) S	(U) S	(-) NS	(O) S
Asian American	(U) NS	(U) S	(-) S	(-) NS	(O) S
Hispanic American	(U) NS	(O) NS	(U) NS	(O) NS	(O) S
Native American	-	-	-	-	-
<b>Total MBE</b>	(U) NS	(O) S	(U) S	(U) NS	(O) S
WBE	(O) NS	(U) NS	(U) S	(U) NS	(O) S
<b>Total M/WBE</b>	(O) S	(O) NS	(U) S	(U) S	(O) S

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; U=Underutilization; O=Overutilization; S=Significant; NS= Nonsignificant; Blue highlights denotes statistically significant disparity

## Table 24: Miscellaneous Purchase Orders Disparity Ratios

	MPO Prime Utilization/ RWA <sup>SM</sup> PPS Availability	
Ethnicity	Ratio	Statistical Sign.
<b>Non-MWDBE</b>	0.91	(U) NS
African American	0.69	(U) NS
Asian American	0.77	(U) NS
Hispanic American	0.06	(U) NS
Native American	-	-
<b>Total MBE</b>	0.63	(U) NS
WBE	1.67	(O) NS
<b>Total M/WBE</b>	1.05	(O) S

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; U=Underutilization; O=Overutilization; S=Significant; NS= Nonsignificant; No subcontractor activity ; Blue highlights denotes statistically significant disparity

## Table 25: Personal and Professional Services Disparity Ratios

	PPS Pure Prime + Sub Utilization/ RWA <sup>SM</sup> PPS Availability		PPS Prime Utilization/ RWA <sup>SM</sup> PPS Availability	
Ethnicity	Ratio	Statistical Sign.	Ratio	Statistical Sign.
<b>Non-MWDBE</b>	0.76	(U) S	0.79	(U) S
African American	3.92	(O) S	1.95	(O) S
Asian American	0.85	(U) NS	0.23	(U) S
Hispanic American	1.94	(O) S	1.14	(O) NS
Native American	-	-	-	-
<b>Total MBE</b>	2.66	(O) S	1.30	(O) S
WBE	1.55	(O) S	0.77	(U) NS
<b>Total M/WBE</b>	2.22	(O) S	1.09	(O) NS

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; U=Underutilization; O=Overutilization; S=Significant; NS= Nonsignificant ; Blue highlights denotes statistically significant disparity

## Table 26: Public Works Disparity Ratios

	PW Pure Prime + Sub Utilization/ RWA <sup>SM</sup> PW Availability		PW Prime Utilization/ RWA <sup>SM</sup> PW Availability	
Ethnicity	Ratio	Statistical Sign.	Ratio	Statistical Sign.
<b>Non-MWDBE</b>	1.22	(O) S	1.65	(O) S
African American	0.58	(U) S	0.01	(U) S
Asian American	-	(-) S	-	(-) S
Hispanic American	1.50	(O) NS	0.57	(U) NS
Native American	-	-	-	-
<b>Total MBE</b>	2.24	(O) S	0.24	(U) S
WBE	0.54	(U) S	0.08	(U) S
<b>Total M/WBE</b>	0.69	(U) S	0.08	(U) S

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; U=Underutilization; O=Overutilization; S=Significant; NS= Nonsignificant ; Blue highlights denotes statistically significant disparity



## Table 27: Service, Supply and Equipment Disparity Ratios

	SSE Pure Prime + Sub Utilization/ RWA <sup>SM</sup> SSE Availability		SSE Prime Utilization/ RWA <sup>SM</sup> SSE Availability	
Ethnicity	Ratio	Statistical Sign.	Ratio	Statistical Sign.
<b>Non-MWDBE</b>	0.78	(U) S	1.07	(O) S
African American	4.37	(O) S	0.00	(-) NS
Asian American	0.00	(-) NS	0.00	(-) NS
Hispanic American	2.40	(O) NS	2.38	(O) NS
Native American	-	-	-	-
<b>Total MBE</b>	1.21	(O) NS	0.12	(U) NS
WBE	5.13	(O) S	0.25	(U) NS
<b>Total M/WBE</b>	3.50	(O) S	0.20	(U) S

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; U=Underutilization; O=Overutilization; S=Significant; NS= Nonsignificant; Note: Prime Level Disparity Significance Calculations impacted by very small number of contracts ; Blue highlights denotes statistically significant disparity

## Table 28: Small Order Purchases Disparity Ratios

	SOP Prime Utilization/ RWA <sup>SM</sup> SSE Availability	
Ethnicity	Ratio	Statistical Sign.
Non-MWDBE	0.91	(U) S
African American	4.16	(O) S
Asian American	9.08	(O) S
Hispanic American	27.50	(O) S
Native American	-	-
Total MBE	3.32	(O) S
WBE	1.26	(O) S
Total M/WBE	2.00	(O) S

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; U=Underutilization; O=Overutilization; S=Significant; NS= Nonsignificant; no subcontractor activity ; Blue highlights denotes statistically significant disparity

## Table 29: Disparity Trends Using Utilization/Census Availability

Comparing FY 2019 Disparity Ratios based on Census data to prior years reflects a continuing pattern of overutilization of M/WBEs

	2019		2018		2017	
Ethnicity	MBE	WBE	MBE	WBE	MBE	WBE
MPO	0.57*	1.52*				
PPS	3.03*	1.18*	1.52	0.56	1.65	0.78
PW	3.45*	4.69*	2.03	1.19	1.23	0.84
SSE	0.28*	3.27*	0.22	1.49	0.42	1.27
SOP	0.67*	0.84				

Source: M<sup>3</sup> Consulting; FY 2018 OEO Annual Disparity Study ; Blue highlights denotes statistically significant disparity



# Recommendations

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- **M/WBE Goals**
- **Implement Inclusive Procurement Action Items**
- **Adjust EO 3-12 and Title 17 Goal-based Language**
- **Develop Local Small Business Enterprise Program**
- **Develop Project Availability Targets**
- **Expand Bidder Pool**
- **Develop Diversity Performance Evaluation Standards**

# M/WBE Goals

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# **Croson Standard for Narrowly Tailored Goals**

**To utilize race/gender-conscious initiatives,**

**There must be a showing of statistically significant disparity**

**Goals must be narrowly tailored to identified disparity for specific race/gender group**

## Table 30: Narrowly Tailoring of *Race/Gender-Conscious Goals*

The City of Philadelphia may consider targeting race/gender-conscious goals toward the race/gender groups in the following procurement categories based on RWA<sup>SM</sup> Availability:

	MPO	PPS	PW	SSE	SOP
Overall Goal	<ul style="list-style-type: none"> <li>No goals</li> </ul>	<ul style="list-style-type: none"> <li>Asian Americans</li> </ul>	<ul style="list-style-type: none"> <li>African Americans</li> <li>WBES</li> </ul>	<ul style="list-style-type: none"> <li>No goals</li> </ul>	<ul style="list-style-type: none"> <li>No goals</li> </ul>
Prime Level Only Goals	<ul style="list-style-type: none"> <li>No goals</li> </ul>	<ul style="list-style-type: none"> <li>Asian Americans</li> </ul>	<ul style="list-style-type: none"> <li>African Americans</li> <li>Asian Americans</li> <li>WBES</li> </ul>	<ul style="list-style-type: none"> <li>No goals</li> </ul>	<ul style="list-style-type: none"> <li>No goals</li> </ul>

SSE Disparity Significance Testing impacted by very small contracting # levels



# Calculation for *Race/Gender-Neutral* M/WBE Overall Target

- The establishment of a goal or target, in and of itself, does not render it race/gender-conscious. The manner in which it is utilized determines whether it is race/gender-conscious.
- The City can expect M/WBE utilization to reflect M/WBE availability. Race/Gender-*conscious* goals and targets should not exceed availability. Any portion of a goal above availability should be achieved through race/gender-neutral means.
- Weighting availability by utilization further focuses the target.
- Modeling DBE availability goal setting, past M/WBE participation is taken into consideration.

$$\begin{array}{ccccccc} \text{M/WBE} & & & & & & \text{Weighted} \\ \text{Availability for} & & \text{Procurement} & & \text{Adjustment for} & & \text{M/WBE} \\ \text{Procurement} & \times & \text{Category} & \times & \text{Past M/WBE} & = & \text{Availability} \\ \text{Category} & & \text{Dollars/Total} & & \text{Participation} & & \text{Target} \\ & & \text{Dollars} & & & & \end{array}$$





# Overall M/WBE Target

Procurement Category	2019 M/WBE Availability	2019 % of Procurement Category Utilization/Total	Baseline Availability	Adjustment for Past Participation (5 yr median)	M/WBE Target
PPS	16.50%	61.43%	10.14%		
PW	41.49%	31.24%	12.96%		
SSE	8.17%	7.33%	0.60%		
Overall Goal			23.70%	32.74%	<b>28.22%</b>

# Calculation for *Race/Gender-Neutral* Procurement-Specific or Race/Gender-Specific Target

- For procurement-specific or race/gender-specific targets, the goal is not adjusted by procurement category dollars as a percentage of total dollars or dollars.
- Past participation is taken into account.

**M/WBE  
Availability for  
Procurement  
Category**



**Adjustment for  
Past M/WBE  
Participation**



**Weighted  
Procurement-  
Specific  
M/WBE  
Availability  
Target**



# M/WBE Targets for Each Procurement Category

Procurement Category	2019 M/WBE Availability	Adjustment for Past Participation (5 yr median)	M/WBE Target
PPS	16.50%	36.56%	<b>26.53%</b>
PW	41.49%	27%	<b>34.25%</b>
SSE	8.17%	28.63%	<b>18.40%</b>

# Inclusive Procurement Action Items

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# 4 Pillars of an Inclusive Procurement Environment



**Mission Driven**



**Opportunity Driven**



**Relationship Driven**



**Data Driven**



# Implement Inclusive Procurement Action Items

- **Mission Driven**
  - **Action Item 1:** Summarize the City's Inclusion and Equity Mission, Objectives, Goals and Strategies as it relates to and espoused in the Mayor's Equity Framework, EO 3-12 and Title 17
  - **Action Item 2:** Identify and Map All Current Initiatives to the Mayor's Equity Framework, EO 3-12 and Title 17 and Determine Efficacy of Initiatives in Meeting Stated Objectives;
  - **Action Item 3:** Assess Infrastructure to Support Mission, Objectives and Programmatic Initiatives; and,
  - **Action Item 4:** Develop Procurement/Contracting and OEO Standard Operating Procedures.



# Implement Inclusive Procurement Action Items

- **Opportunity Driven**

- **Action Item 5:** Conduct an opportunity analysis of capital improvement projects and other large construction, IT or complex projects; and,
- **Action Item 6:** Develop process for budgeting and forecasting all procurement needs at least 6 months to one year prior to bid.

- **Relationship Driven**

- **Action Item 7:** Engage in aggressive outreach and matchmaking at the point that the opportunity is known and funded, not at the point of bid; and,
- **Action Item 8:** Conduct firm assessment using ***existing information and data*** provided by small, minority and women-owned firms to identify the status of firms as emerging, intermediate and mature. Knowing this status allows the City to create customized capacity building initiatives.



# Implement Inclusive Procurement Action Items

- **Data Driven**
  - **Action Item 9:** Conduct Technology Infrastructure Review covering minimally platforms used for :
    - Public Works (A&E and Construction) Planning and Scheduling
    - Budgeting and Forecasting
    - Purchasing
    - Payments
    - Contract Administration and Compliance
    - Inclusion Tracking, Monitoring and Reporting





# **Additional Recommendations**

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- **Adjust EO 3-12 and Title 17 Goal-based Language**
- **Develop Local Small Business Enterprise Program**
- **Develop Project Availability Targets**
- **Expand Bidder Pool**
- **Develop Diversity Performance Evaluation Standards**



# Adjust EO 3-12 and Title 17 Goal-Based Language

- Adjust language in EO 3-12 and Title 17 to better reflect the City's objective of operating a non-discrimination program vs a goal-based program.
  - See Bay Area Rapid Transit Authority's Non-Discrimination Program Section IV. Presumption of Non-Discrimination ([https://www.bart.gov/about/business/ocr/OCR\\_nonDiscrim](https://www.bart.gov/about/business/ocr/OCR_nonDiscrim))
- To ensure the City and its stakeholders understand operation of EO 3-12 and Title 17, define difference between race/gender-conscious goal and an availability target
  - Establishment of target
  - Implementation of target



# Develop Local Small Business Enterprise Program

- Develop local small business enterprise program based upon:
  - Firm Size
  - Firm Location within a defined jurisdictional area—within City limits or MSA
- LSBE programs are subject to rationally related test vs. strict scrutiny
- Maximize LSBE Program tools, which are less available under M/WBE program and do not require a showing of statistically significant disparity
  - Goals and bid preferences
  - Sheltered market
  - Set-asides
- Track diversity of LSBEs to ensure there is no discrimination or concentration within the LSBE program
  - MWBEs
  - Disabled
  - Veterans
  - LGBTQ
- Develop a certification process that is not overly burdensome or overly exclusive.
- Examples: Los Angeles County, CA; DeKalb County, GA; Broward County, FL (County Business Enterprise)



# Develop Project Availability Targets

- Recognize and educate Departments that the overall Goal is a participation target for the City *first* and for the City's vendors *second*. The City should first try to achieve the goal through its actions—prime level buying decisions.
- The City's Overall Availability Targets should be tied to Annual Diverse Spend Availability Analysis *and* Upcoming Opportunities
  - See DBE baseline availability goal calculation
- Contract/project availability targets should reflect
  - Project scope of work
  - Opportunities where there are at least 3 to 5 available M/WBEs or LSBEs
- The City should continuously monitor its diverse spend to determine whether there are areas of discriminatory activity where race/gender-conscious goals may be needed on a temporary and targeted basis



# Expand Bidder Pool By Creating a Transparent and Welcoming Environment

- Ensure that leadership—both Mayors Office and City Council—continuously expresses commitment to M/WBE, LSBE and other diverse business participation
- Increase transparency of City of Philadelphia procurement process
  - See previous Inclusive Procurement Action Items
- Decrease touchpoints for small firms in City’s decentralized procurement process
  - Maximize online bidding tools for vendor response to quotes, ITBs and RFPs
  - Increase use of sourcing vehicles that allow multiple LSBE vendor contracts
- Conduct Procurement Diversity Climate Survey<sup>SM</sup> to determine values and attitudes of City personnel toward doing business with diverse businesses
  - Ensure that the City of Philadelphia has a climate that is welcoming to diverse businesses at all levels and in all departments
- Conduct survey of City of Philadelphia vendors to determine experiences doing business and/or attempting to do business with the City



# Expand Bidder Pool By Creating a Transparent and Welcoming Environment

- Review real-time quotes, RFPs and ITBs to ensure M/WBEs and other diverse businesses are being solicited by City personnel;
  - Allows City to determine patterns of City personnel with buying authority to include M/WBEs and other diverse businesses at the prime level
  - Consider allowing Procurement Commissioner and/or OEO to stop bids and quotes from departments who are not reaching out to M/WBEs
- Review and analyze Good Faith efforts reports to determine patterns of contractor efforts to include M/WBEs and other diverse businesses
- Expand outreach and matchmaking around budgeting and forecasting reports; expand vendor “how to do business” sessions
  - Matchmaking sessions with M/WBEs, LSBEs and City personnel
  - Matchmaking sessions with M/WBEs, LSBEs and Prime Vendors/Contractors
- Maximize utilization of local small business tools to build capacity
- Ensure that diverse status of vendors is accessible on City’s vendors list to increase City personnel with buying authority real-time access to and responsibility for identifying M/WBEs and other diverse businesses
  - Locating and identifying diverse businesses should not be consider solely as the purview of OEO



# Develop Diversity Evaluation Standards

- Include diversity efforts as part of personnel evaluation for City personnel with buying responsibilities
  - Define diversity expectations, i.e.
    - Diverse spend by person with buying responsibility,
    - Involvement in outreach and matchmaking sessions,
    - Solicitation of M/WBEs on informal and formal opportunities

# Appendix



- 
- **Submitted under separate cover**



# **City of Philadelphia Office of Economic Opportunity Diverse Spend Analysis**

**In compliance with Annual Disparity Study  
FY 2019—Procurement Disparity  
July 2020**



# Title 17 of Philadelphia Code Sections Governing Diverse Spend and Workforce Analysis

## Diverse Spend Analysis

- Ch. 17-1500—Annual Disparity Study and Participation Goals
- Ch. 17-1600—Economic Opportunity Plans

## Diverse Workforce Analysis

- Ch. 17-100, § 17-107—Employment of Low- and Moderate-Income Persons by City Contractors
- Ch. 17-1600—Economic Opportunity Plans

List does not cover all Sections contained in Chapter 17.



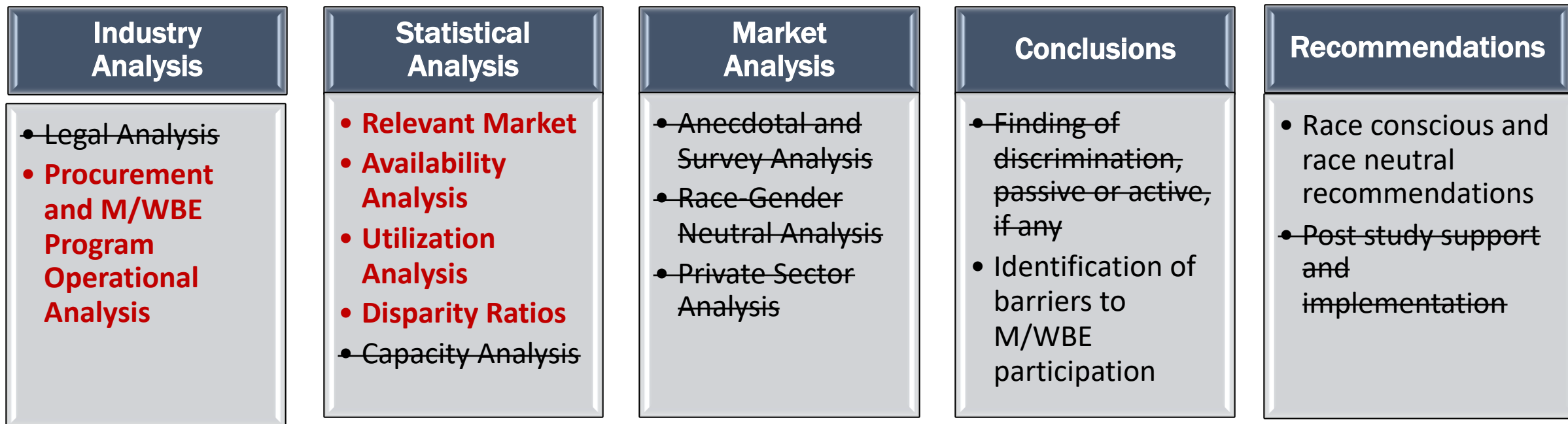
## **Executive Order 3-12, Anti-Discrimination Policy**

- The City of Philadelphia’s Inclusive Procurement and Contracting initiatives are governed by Executive Order 3-12 and Title 17.
- Executive Order 3-12 seeks to “assure that any contracts using public funds, sourced, administered or authorized by the City, including contracts requiring City Council approval, are not used to promote, reinforce or perpetuate discrimination;”

# M<sup>3</sup> Consulting Response to City's Procurement Disparity Analysis Scope of Work

## M<sup>3</sup> Consulting's 10 Part Methodology

## Leads To



Areas highlighted in red denote the City-specific scope items; M<sup>3</sup> Consulting conducted a portion of the procurement analysis.



# 10-Part Methodology Defined Statistical Analysis

- **Relevant Market Analysis** determines the geographical boundaries within which the City performs the substantial part of its business activities. The identification of the boundaries is also guided by legal criterion that the City must refine its efforts to impact M/W/DBE business activity to its political jurisdiction.
- **Availability Analysis** determines the available M/W/DBE and Non-M/W/DBE firms who are available to do business with the City within the determined relevant market.
- **Utilization Analysis** quantitatively examines the City's contracting history and determines the number of contracts and levels of expenditures with M/W/DBEs.
- **Disparity Analysis** determines the difference between the availability of M/W/DBEs and their utilization by the City.

Typically, a 3 to 5 year period of activity is reviewed.



# 10-Part Methodology Defined Market Analysis

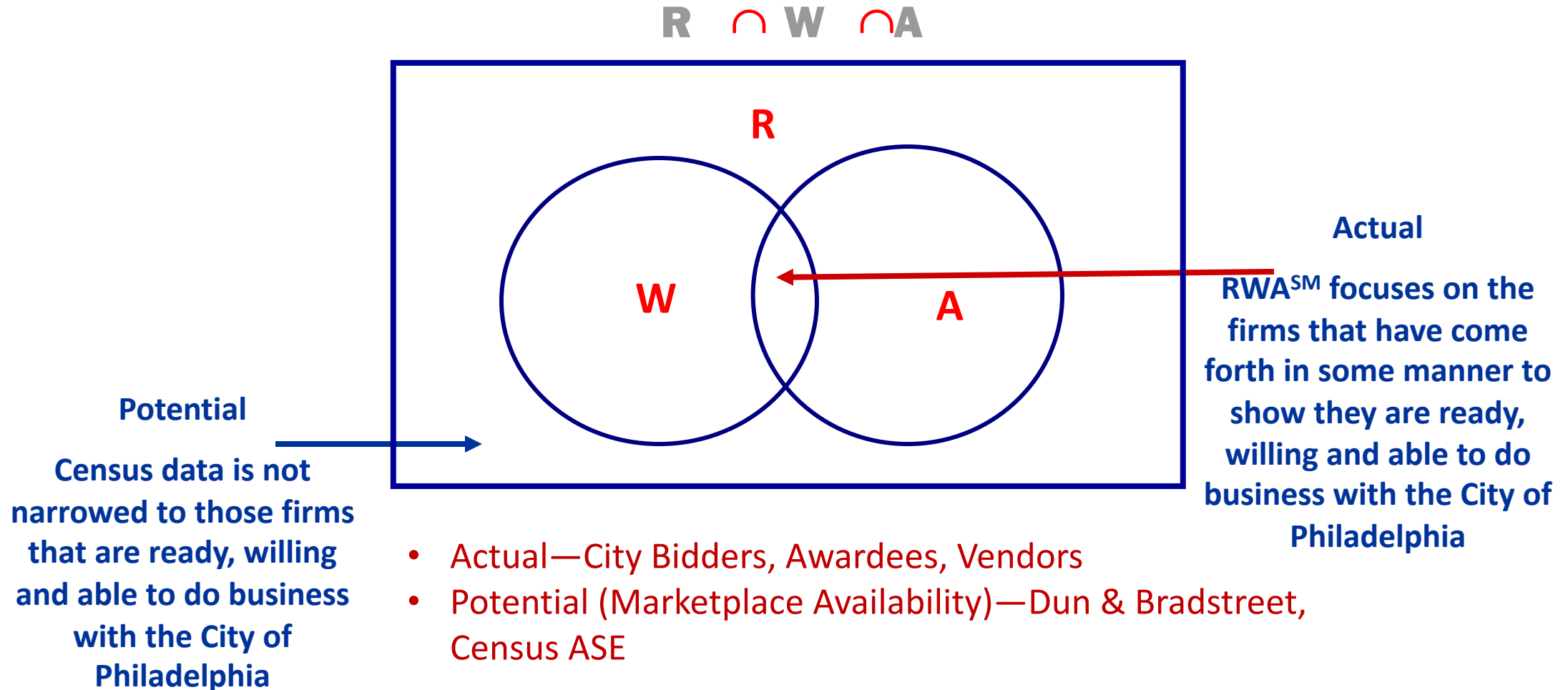
- **Capacity Analyses** will examine differences in capacity of firms based on race and gender using established statistical methods and also examine whether race/gender and ethnicity still impact the participation decision once a set of variables that proxy capacity are controlled for.
- **Anecdotal and Survey Analyses** determine the experiences of M/W/DBEs and Non-M/W/DBEs attempting to do business with the City and in the business community overall. Further, the survey provides information on business characteristics, such as owner qualifications, years in business, capacity, and credit market experiences.
- **Race- and Gender-Neutral Analysis** determines the effectiveness of race- and gender-neutral programs in increasing M/W/DBE participation in both public and private sector opportunities.
- **Marketplace Analyses** determine M/W/DBE participation in both public and private sector opportunities. Factors such as education and employment, as well as other factors that impact business formation and self-employment are also analyzed in this analysis.

# Data Elements for Statistical Analysis

	PHL	ACIS	Vendors	Census
<b>Availability</b>				
<b>Bidders and Awardees</b>	PW, SSE, SOP	PPS, MPO	Data not complete for analysis	N/a
<b>Sub-bidders and Sub-awardees</b>	PW	PPS	Data not complete for analysis	N/a
<b>Census</b>	N/a	N/a	N/a	American Survey of Entrepreneurs
<b>Utilization</b>				
<b>Prime Contractors</b>	PW, SSE, SOP	PPS, MPO	N/a	N/a
<b>Subcontractors</b>	PW	PPS	N/a	N/a

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; Missing addresses may impact calculations

# Actual and Potential Availability of Firms





**City of Philadelphia's  
Ready, Willing and Able (RWA<sup>SM</sup>)  
Availability**

Bidders + Subbidders  
Prime Awardees + Subawardees  
Vendors  
Certified M/WBE



**Public Availability**

City's RWA<sup>SM</sup>  
Other Public Agencies Prime Bidders +  
Subbidders  
Other Public Agencies Prime Awardees  
+ Sub Awardees  
Other Public Agencies Vendors  
M/WBEs



**Marketplace Availability**

Dun & Bradstreet or  
InfoUSA  
2016 Census American  
Survey of Entrepreneurs

# M<sup>3</sup> Consulting's Availability Model

## M<sup>3</sup> Consulting RWA<sup>SM</sup> Availability Model

- Bidders/subbidders con
- Starts by looking at the data sources to determine the most robust level or where data is most complete

City of Philadelphia RWA<sup>SM</sup>  
Availability

1. Prime and subbidders by contract category  
for each year of study period

2. Prime and subbidders by contract category  
for fewer years

3. Prime bidders, subawardees, prime  
awardees (informal purchases) for each year of  
study period

4. Prime bidders, subawardees, prime  
awardees (informal purchases) for fewer years  
period

## Table 21: Miscellaneous Purchase Orders Disparity Ratios

	MPO Pure Prime Utilization/ RWA <sup>SM</sup> PPS Availability		MPO Pure Prime Utilization/ Census Combined	
Ethnicity	Ratio	Statistical Sign.	Ratio	Statistical Sign.
<b>Non-MWDBE</b>	0.91	(U) NS	1.03	(O) NS
African American	0.69	(U) NS	4.47	(O) S
Asian American	0.77	(U) NS	0.48	(U) S
Hispanic American	0.06	(U) NS	0.10	(U) NS
Native American	-	-	-	-
<b>Total MBE</b>	0.63	(U) NS	0.51	(U) S
WBE	1.67	(O) NS	1.58	(O) S
<b>Total M/WBE</b>	1.05	(O) S	0.88	(U) NS

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; U=Underutilization; O=Overutilization; S=Significant; NS= Nonsignificant



## Table 22: Personal and Professional Services Disparity Ratios

	PPS Pure Prime + Sub Utilization/ RWA <sup>SM</sup> PPS Availability		PPS Prime Utilization/ RWA <sup>SM</sup> PPS Availability		PPS Pure Prime + Sub Utilization/ Census Prof. Services	
<b>Ethnicity</b>	<b>Ratio</b>	<b>Statistical Sign.</b>	<b>Ratio</b>	<b>Statistical Sign.</b>	<b>Ratio</b>	<b>Statistical Sign.</b>
<b>Non-MWDBE</b>	0.76	(U) S	0.79	(U) S	0.77	(U) S
African American	3.92	(O) S	1.95	(O) S	15.58	(O) S
Asian American	0.85	(U) NS	0.23	(U) S	0.91	(U) NS
Hispanic American	1.94	(O) S	1.14	(O) NS	3.92	(O) S
Native American	-	-	-	-	-	-
<b>Total MBE</b>	2.66	(O) S	1.30	(O) S	3.03	(O) S
WBE	1.55	(O) S	0.77	(U) NS	1.18	(O) S
<b>Total M/WBE</b>	2.22	(O) S	1.09	(O) NS	2.02	(O) S

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; U=Underutilization; O=Overutilization; S=Significant; NS= Nonsignificant

## Table 23: Public Works Disparity Ratios

	PW Pure Prime + Sub Utilization/ RWA <sup>SM</sup> PW Availability		PW Prime Utilization/ RWA <sup>SM</sup> PW Availability		PW Pure Prime + Sub Utilization/ Census Construction Availability	
Ethnicity	Ratio	Statistical Sign.	Ratio	Statistical Sign.	Ratio	Statistical Sign.
Non-MWDBE	1.22	(O) S	1.65	(O) S	0.79	(U) S
African American	0.58	(U) S	0.01	(U) S	10.69	(O) S
Asian American	-	(-) S	-	(-) S	8.55	(O) S
Hispanic American	1.50	(O) NS	0.57	(U) NS	2.93	(O) S
Native American	-	-	-	-	-	-
Total MBE	2.24	(O) S	0.24	(U) S	3.45	(O) S
WBE	0.54	(U) S	0.08	(U) S	4.69	(O) S
Total M/WBE	0.69	(U) S	0.08	(U) S	3.78	(O) S

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; U=Underutilization; O=Overutilization; S=Significant; NS= Nonsignificant



# Table 24: Service, Supply and Equipment Disparity Ratios

	SSE Pure Prime + Sub Utilization/ RWA <sup>SM</sup> SSE Availability		SSE Prime Utilization/ RWA <sup>SM</sup> SSE Availability		SSE Pure Prime + Sub Utilization/ Census Combined Availability	
Ethnicity	Ratio	Statistical Sign.	Ratio	Statistical Sign.	Ratio	Statistical Sign.
<b>Non-MWDBE</b>	0.78	(U) S	1.07	(O) S	0.91	(U) NS
African American	4.37	(O) S	0.00	(-) NS	3.90	(O) S
Asian American	0.00	(-) NS	0.00	(-) NS	0.00	(-) S
Hispanic American	2.40	(O) NS	2.38	(O) NS	0.41	(U) NS
Native American	-	-	-	-	-	-
<b>Total MBE</b>	1.21	(O) NS	0.12	(U) NS	0.28	(U) S
WBE	5.13	(O) S	0.25	(U) NS	3.27	(O) S
<b>Total M/WBE</b>	3.50	(O) S	0.20	(U) S	1.35	(O) NS

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; U=Underutilization; O=Overutilization; S=Significant; NS= Nonsignificant; Note: Prime Level Disparity Significance Calculations impacted by very small number of contracts

## Table 25: Small Order Purchases Disparity Ratios

	SOP Prime Utilization/ RWA <sup>SM</sup> SSE Availability		SOP Utilization/ Census Combined Availability	
Ethnicity	Ratio	Statistical Sign.	Ratio	Statistical Sign.
Non-MWDBE	0.91	(U) S	1.08	(O) S
African American	4.16	(O) S	3.18	(O) S
Asian American	9.08	(O) S	0.42	(U) S
Hispanic American	27.50	(O) S	4.07	(O) S
Native American	-	-	-	-
Total MBE	3.32	(O) S	0.67	(U) S
WBE	1.26	(O) S	0.84	(U) NS
Total M/WBE	2.00	(O) S	0.71	(U) S

Source: M<sup>3</sup> Consulting; Philadelphia PHL and ACIS data; U=Underutilization; O=Overutilization; S=Significant; NS= Nonsignificant; no subcontractor activity

# Elements of Diverse Spend and Workforce Analysis

## Diverse Spend Analysis

- Relevant Market
- Availability
- Utilization
- Disparity and Statistical Significance
- Procurement Operations Review (limited—under separate cover)
- Goal Recommendations

## Workforce Analysis

- Availability
- Utilization
- Disparity
- Goal Recommendations





# Employee Categories Reviewed For Workforce Analysis

Workforce Analysis

Journeyman

Apprentices

## EXECUTIVE SUMMARY

### E.1 INTRODUCTION

#### E.1.1 PURPOSE OF WORKFORCE DIVERSE ANALYSIS

On March 13, 2020, the City of Philadelphia (City) commissioned Miller<sup>3</sup> Consulting, Inc. (M<sup>3</sup> Consulting) to conduct the following scope of work:

- Determine whether City's goals should be race/gender-conscious and include LGBTQ-owned firms;
- Determine procurement and workforce compliance on Projects with Economic Opportunity Plan; and,
- Recommend annual M/W/SBE and workforce goals.

For the Workforce Diversity Analysis, the City sought an analysis of workforce diversity on projects covered by Economic Opportunity Plans (construction projects) and recommendation for diversity goals to be used the next fiscal year. The analysis was to include:

- the present availability of a Diverse Workforce;
- the participation of a Diverse Workforce on past Covered Projects and Contracts;
- a forecast of Covered Projects and Contracts for the next fiscal year; and
- the latest Annual Disparity Assessment of Workforce Diversity.

The basis of this employment report is the measurement of achievement toward inclusion of the Skilled and Laborer workers who identify as minorities and women in EOP projects in construction labor workforce. The objectives of the study were twofold:

1. Assess disparities between utilization and availability of women and minorities in the City labor force in 2019;
2. Estimate the variance in goals in participation, parity and hours of women and minorities in the City's contracting opportunities.

The information presented in this report provides analysis and recommendations on the labor force of 226 active EOP projects (Appendix A) over a 12-month period from July 1, 2018, through June 30, 2019. The labor force analyzed for this report includes both journeyperson and apprentice-level workers. The result of the analysis shows that the minority labor force is strong in some areas; however, increased inclusion, particularly for women and apprentices, is still needed.

### E.1.2 BACKGROUND

Historically, the EOP employment requirement is based on several pieces of legislation. Mayoral Executive Order 14-08, signed by Mayor Michael A. Nutter on October 1, 2008, established an Economic Opportunity Cabinet (EOC) and the Office of Economic Opportunity (OEO) to oversee the inclusion of M/W/DSBE firms in city contracts, set citywide goals, and monitor achievement toward M/W/DBSE goals. The OEO was created within the City's Commerce Department to implement the goals and objectives of the EOC. Section 17-1603 (2) of The Philadelphia Code requires an EOP when a company is pursuing or enters a development project or contract exceeding \$100,000 with the City of Philadelphia. Bill #150614 requires the analysis and establishment of participation goals based on race, ethnicity and gender.

### E.2. SCOPE OF THE ANALYSIS

This report is limited to the employment composition of 226 EOP construction projects that started between July 1, 2018 and June 30, 2019. The analysis includes construction labor hours for journeypersons, apprentices across all trades, as reported in the City's LCP Tracker system that monitors labor reporting and compliance on EOP projects. In particular, the LCP Tracker data was used to analyze the utilization of diverse labor force and hours on the EOP projects at the City of Philadelphia. The availability of EEO construction workers at the level of the City of Philadelphia was determined using American Community Survey 2006-2010<sup>1</sup> Equal Employment Opportunity (EEO) Tabulation Data provided by the United States Census Bureau.

#### E.2.1 AVAILABILITY

The availability for this study included EEO construction occupations data at the Philadelphia City's level and is organized by race, gender, and Hispanic origin of workers and based on American Community Survey 2006-2010 Equal Employment Opportunity (EEO) Tabulation Data provided by the United States Census Bureau. The report is grouped into two categories by total number of workers: Laborer and Skilled. The laborer and skilled categories were analyzed to determine the overall availability of African American, Hispanic, Asian, Native American/ Pacific Islander/American Indian and Alaska Native (AIAN), two-race, and female workers. The availability of workers is presented in the Table E.1 below.

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<sup>1</sup> <http://www.census.gov/people/eeotabulation/>

Updated EEO Tabulation data, based on the 2014-2018 5 year ACS dataset, will be released in 2020-2021

**Table E.1: Availability of All Trade/Contractors, the City of Philadelphia, 2016**  
**By Percentage and Race/Ethnicity/Gender**

Availability	African American	Asian American	Hispanic American	Native American	All Minorities	Women
	%	%	%	%	%	%
Laborer	35.10	3.10	19.00	0.00	59.00	4.70
Skilled	24.00	3.20	12.10	0.50	40.90	2.80
<b>All</b>	<b>26.70</b>	<b>3.20</b>	<b>13.80</b>	<b>0.40</b>	<b>45.00</b>	<b>3.30</b>

Source: M<sup>3</sup> Consulting; LCP Tracker; American Community Survey 2006-2010 Equal Employment Opportunity (EEO) Tabulation Data

In the City of Philadelphia, the availability of minority laborers in the construction trades comprises 59.0 percent, and skilled workers in the trades total 40.9 percent. The percent of women laborers (4.7 percent) in the City is nearly double the percentage of skilled women workers (2.8 percent). In all race and ethnicity categories, the percentage of laborers exceeds the percentage of skilled workers, except for Asian American and Native American/Pacific Islander workers. The availability of all minority workers totals 45.0 percent of the total workforce, and the availability of all women workers totals 3.3 percent (see Table E.1).

## E.2.2 UTILIZATION

Worker participation in EOP projects, also known as utilization, was analyzed using the City's LCP Tracker employment data. The data provided tracks of the labor force's characteristics involved in EOP projects from July 1, 2018, to June 30, 2019, and groups the number of employees and labor hours in multiple ways. The labor hours are categorized as journey person and apprentice and employees were grouped as either laborer or skilled. The utilization of minorities and women in trade and skilled labor was calculated based on the data from the City LCP Tracker projects and presented in the Table E.2 below.

**Table E.2: Utilization All Trade/Contractors, The City of Philadelphia, 2019**  
**Based on Number of Employees**

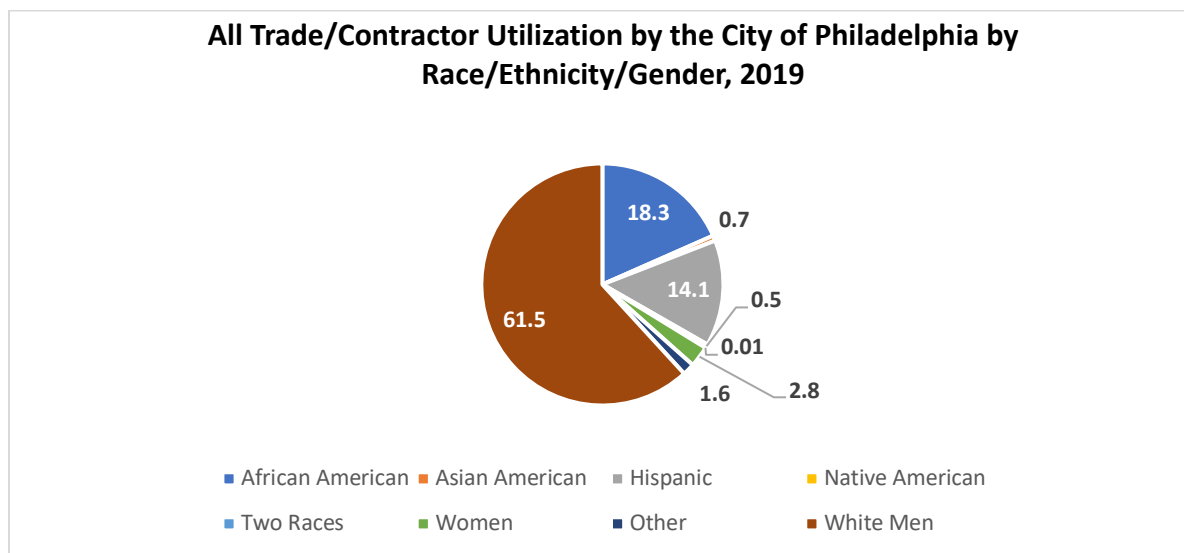
Utilization	White Men		African American		Asian American		Hispanic American		Native American		All Minority		Women		Other Employees		Total Employees	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
<b>Laborer</b>	1,283	50.8	497	19.6	19	0.8	660	26.1	9	0.4	1,212	48.0	29	1.1	27	1.1	2,524	35.1
<b>Skilled</b>	3,142	68.0	816	17.7	29	0.6	348	7.5	25	0.5	1,218	26.4	173	3.7	87	1.9	4,620	64.9
<b>All</b>	<b>4,425</b>	<b>62.0</b>	<b>1,313</b>	<b>18.5</b>	<b>48</b>	<b>0.7</b>	<b>1,008</b>	<b>14.2</b>	<b>34</b>	<b>0.5</b>	<b>2,430</b>	<b>34.0</b>	<b>202</b>	<b>2.8</b>	<b>114</b>	<b>1.2</b>	<b>7,144</b>	<b>100</b>

Source: M<sup>3</sup> Consulting; LCP Tracker; American Community Survey 2006-2010 Equal Employment Opportunity (EEO) Tabulation Data

Based on Table E.2, the total utilization of minority trade labor in the City of Philadelphia EOP contracts is at 34 percent. The utilization rate, of both Laborer and Skilled workers for African Americans is at 18.5 percent and women at 2.8 percent. The analysis show that the utilization rate of Hispanic American workers is at 14.2 percent, Asian American workers at 0.7 percent, and Native Americans at 0.5 percent in 2019.

Graph E.1 below further illustrates the distribution of all trades/contractors by race/ethnicity/gender in 2019. White Men continue to represent the majority of the labor force on EOP projects and constitute 61.5 percent of all trade and contractors. The second-largest proportion of the workers is African Americans (18.3 percent) followed by Hispanic Americans (14.1 percent), Women (2.8 percent), Other Employees (1.6 percent) Asian Americans (0.7 percent), Native Americans (0.5 percent) and Two or More Races employees (0.01 percent).

**Graph E.1:**



Source: M<sup>3</sup> Consulting; LCP Tracker; American Community Survey 2006-2010 Equal Employment Opportunity (EEO) Tabulation Data

Table E.3 below shows the breakdown of labor hours by laborer (journeyperson and apprentice) and by skilled trades (journeyperson and apprentice) and includes utilization percentages of hours across race, ethnicity, and gender. For All Hours, a total of 39.8 percent of labor hours was fulfilled by minorities and 0.1 percent by women.

However, out of Laborer Hours, Minorities accounted for 51.6 percent of journeypersons, of which 30.25 percent was Hispanic Americans and 19.90 percent was African Americans. Women had no representation. 98 percent of apprentices were Minority, of which all were represented by African Americans. Again, Women had no representation.

For Skilled Hours, Minorities represented 30.73 percent of journeypersons, of which African Americans were 23.08 percent. Women represented only 0.08 percent of journeypersons. Minorities were 27.74 percent of Apprentices. African Americans were 24.40 percent of the 27.74 percent. Women were again slightly represented at 0.03 percent.

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**Table E.3: Percentage of Hours by Employee Type, 2019**

Craft level	White Men		African American		Asian American		Hispanic American		Native American		Two Races	All Minority		Women		Other Employees		Total Hours
	%	#	#	%	#	%	#	%	#	%	#	#	%	#	%	#	%	#
<b>Laborer Hours</b>																		
<b>Journey</b>	188,744	47.12	80,033	19.90	1,209	0	123,078	30.25	2,471	0.10	0	206,791	51.60	0	0.00	5,041	1.25	400,576
<b>Apprentice</b>	0	0.00	2,795	98.00	0	0	0	0.00	0	0.00	0	2,795	98.00	0	0.00	56	2.00	2,851
<b>Total</b>	188,744	47.50	82,828	20.50	1,209	0	123,078	30.50	2,471	0.10	0	209,586	51.20	0	0.00	5,097	1.30	403,427
<b>Skilled Hours</b>																		
<b>Journey</b>	593,379	65.15	210,256	23.08	4,259	0	62,785	7.63	2,641	0.29	0	279,941	30.73	691	0.08	36,792	4.04	910,112
<b>Apprentice</b>	45,169	70.00	15,179	24.40	0	0	1,239	0.00	0	0.00	0	16,418	27.74	699	0.03	1,386	2.23	63,672
<b>Total</b>	638,547	65.53	225,435	23.17	4,259	0.45	64,024	6.58	2,641	0.27	0	296,359	30.41	1390	0.14	38,178	3.92	974,474
<b>All Hours</b>																		
<b>Journey</b>	780,737	59.64	290,289	22.14	5,468	0	185,863	14.17	5,112	0.40	0	486,732	39.92	691	0.05	41,833	3.19	1,310,688
<b>Apprentice</b>	45,169	67.90	17,974	27.02	0	0	1,239	1.86	0	0.00	0	19,213	28.88	699	0.00	1,442	2.17	66,523
<b>Total</b>	827,291	60.10	308,263	22.39	5,468	0.39	186,412	13.59	5,112	0.37	0	505,255	39.80	1390	0.10	43,275	3.14	1,377,211

Source: M<sup>3</sup> Consulting; LCP Tracker; American Community Survey 2006-2010 Equal Employment Opportunity (EEO) Tabulation Data

### E.2.3 DISPARITY RATIO

The difference between the availability of minority workers compared to the utilization of minority workers determines the disparity between the participation of minority, women and non-minority workers on EOP projects. This disparity ratio is simply the utilization rate divided by the availability rate. A disparity ratio that is greater than 1.0 represents an over-utilization, whereas a disparity ratio less than 1.0 represents under-utilization. Therefore, a disparity ratio of 1.0 indicates parity in the labor pool between minority and non-minority workers. A ratio of less than 1.0 reveals that there are more minority workers available in the labor pool than are working on EOP projects. The disparity ratio can and often fluctuate year to year based on the availability of workers compared to their participation in projects. It is also important to note that the City competes with other project owners for diverse workers, particularly in trades where there is a relative scarcity in minority and female workers.

<b>Table E.4: Disparity Ratio for All Trade/Contractor Disparity, at the City's level, 2019</b>						
	<b>African American</b>	<b>Asian American</b>	<b>Hispanic American</b>	<b>Native American</b>	<b>All Minorities</b>	<b>Women</b>
<b>Laborer</b>	0.56	0.26	1.37	0.00	0.81	0.23
<b>Skilled</b>	0.74	0.19	0.62	1.00	0.65	1.32
<b>All</b>	<b>0.69</b>	<b>0.22</b>	<b>1.03</b>	<b>1.25</b>	<b>0.76</b>	<b>0.85</b>

Source: M<sup>3</sup> Consulting; LCP Tracker; American Community Survey 2006-2010 Equal Employment Opportunity (EEO) Tabulation Data

Table E.4 shows that disparity ratios for women and all minorities are below 1.0, suggesting underutilization of these categories of workers. The disparity ratio for Hispanic American workers is close to the value of 1.0 and almost at the parity level. A slight over-utilization is observed for Native American (at 1.25 level) suggesting that the availability of these workers has changed in comparison to previous years.

### E.2.4 COMPLIANCE WITH WORKFORCE GOALS

This part of the analysis focuses on compliance with established workforce goals in 2019. These results are presented in the Tables E.5 and E.6 below. Based on the comparison of established goals to actual participation, the City did not meet established goals for most groups. The participation rate of women is at 2.8 percent and for All Minorities at 33.6 percent in 2019, as compared to established goals of 5 and 40 percent respectively for these categories of workers (Table E.5), respectively.



As shown in Table E.6, for labor hours and established labor hours' goals for journeypersons, the results indicate some success for African Americans. Because of their participation rates, the City almost reach its goal for All Minorities, missing the target by only .1 for journeypersons. The remaining categories of journeypersons, along with Women and All Minorities apprentices, did not meet the established goals.

**Table E.5: All Trade/Contractors Participation Rate and Variance At The City's Level  
By Race/Gender, 2019**

	Workforce Participation Goals, %	Participation 2019, %	Variance, 2019
Women	5	2.8	-2.2
All Minority	40	33.6	-6.4

Source: M<sup>3</sup> Consulting; LCP Tracker; American Community Survey 2006-2010 Equal Employment Opportunity (EEO) Tabulation Data

**Table E.6: Hours and Goals, Journeypersons/Apprentices, The City of Philadelphia  
By Race/Ethnicity/Gender, 2019**

	% Hours, 2019	% Hours, Goals	Variance
<b>Journeypersons</b>			
African American	22.1	22	0.1
Hispanic American	14.1	15	-0.9
Asian American	0.0	3	-3
All Minority	39.9	40	-0.1
Women	0.5	5	-4.5
<b>Apprentices</b>			
All Minority	28.9	50	-21.1
Women	0.0	5	-5

Source: M<sup>3</sup> Consulting; LCP Tracker; American Community Survey 2006-2010 Equal Employment Opportunity (EEO) Tabulation Data

## E.3 SUMMARY AND RECOMMENDATIONS

### E.3.1 SUMMARY

In summary, the result of the analysis suggests that the City of Philadelphia's labor force involved in EOP projects is diverse, with 38.5 percent of all trade and contract workers being minorities and women. This rate of participation of all minorities suggests that the City in its hiring and contracting practices is moving in a positive direction towards achieving its set goal of 40 percent of participation for this category of

workers. However, achieving established goals for journey person minorities' and women's hours need attention and perhaps revisions.

### **E.3.2 Recommendation**

While overall the inclusion and participation of all minorities at the City level is high and close to established goals, special attention needs to be paid to (1) setting the goals, (2) examining employment participation rates on smaller projects and by department, and (3) refining employment data collection.

#### **1. *Setting goals.***

- a. Women's participation goal. As the analysis of availability and utilization suggests, the achievement of the established participation goal for this category of workers seems to be unlikely and due to the low availability of women in the labor market. Based on the results of the analysis, the participation goal of 3 percent for this category of workers seems more realistic to achieve. A strategy of investment and outreach should be considered to increase female availability and utilization.
- b. Minority apprentice participation. The 2019 percentage of all apprentice hours is below the set 50 percent goal. Therefore, a recommended participation goal of 30 percent is needed to reflect availability of such workers, while employing an outreach and investment strategy to increase the availability of this category of workers.

#### **2. *Examine the employment participation rate on smaller projects and by department.***

The examination of participation rates on smaller projects might shine a light on the diversity and inclusion among workers involved in such projects and encourage contractors to diversify their workforce by including more women and minorities.

#### **3. *Refine employment data collection***

OEO can improve the overall analysis by addressing the issue of the categorization of non-specified workers (NS), and attempting to limit the number of projects that have NS hours by encouraging contractors to accurately report hours.

### List of Abbreviations

AIAN American Indian and Alaska Native

DSBE(s) Disabled Business Enterprise(s)

EEO Equal Employment Opportunity

EOC Economic Opportunity Cabinet

EOP Economic Opportunity Plans

FY Fiscal Year

M/W/DSBE(s) Collective name for Minority, Women, and Disabled Business Enterprise(s)

MACCID Mayor's Advisory Commission on Construction Industry Diversity

MBE(s) Minority Business Enterprise(s)

NS Non-specified workers (defined as workers not identified as White, African- American, Hispanic, Asian, Native American, or Other in LCP Tracker)

OEO Office of Economic Opportunity WBE(s) Women Business Enterprise(s)

### Definitions

**Laborer** - a person doing unskilled manual work for wages.

**Skilled trades** - occupations that require a special skill, knowledge or ability which can be obtained at a college, technical school or through specialized training (e.g. electricians, power equipment operators, plumbers).

**Apprentice** – a person who works for another in order to learn a trade.

**Journey person** – is a certified, recognized and skilled person in a trade.

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## APPENDIX A

**Table E7: All Trade/Contractors by Projects, The City of Philadelphia, 2019**

Project Name	Total Hours	Total Empl.	Female Empl.	Female Hours	African American Employees	African American Hours	Hispanic Employees	Hispanic Hours	Asian Empl.	Native Amer. Empl.	Minority Empl.	Minority Hours
3800/B1700098 City-Wide ADA Curb Ramp Upgrades (PLA)	12,077	83	1	6	3	519	14	4,860	0	0	17	5,379
3830/NE Incinerator Rehab Phase-6 (Mech)	7,011	37	0	0	3	403	0	0	0	0	3	403
3835/American St Girard Ave to Indiana	46,110	172	10	1,716	36	10,573	33	9,531	0	0	69	20,103
3836/ECMS102274-Schuylkill River Swing Bridge SRDC	13,047	69	0	0	8	1,453	6	422	0	0	14	1,875
3842/ECMS-96109-ADA Ramps Transition List #1	10,635	84	0	0	7	1,209	12	2,392	0	0	19	3,601
3843-Citywide 104 resurfacing project ADA Ramps	19,988	113	3	739	14	4,265	28	5,134	0	0	42	9,398
3845/B1801609 MLK Drive Lighting	1,454	33	1	24	6	500	1	40	0	0	7	540
3853 North East Incinerator Rehab Phase VII-	3,333	37	0	0	2	136	1	24	0	0	3	160
3854-JFK-love Park Intersection Improvements	105	5	0	0	0	0	3	52	0	0	3	52
3857-M & P, Casting Adjustment and Bike Lane R	148	4	0	0	1	40	1	34	0	0	2	74
3859-Tack Coat	896	7	0	0	1	59	0	0	0	0	1	59
4040 Whitaker Ave/12 HWY Department	1,194	16	0	0	2	332	1	63	0	0	3	395
61st Sewer Maintenance Facility (ELEC)	578	9	1	12	1	80	0	0	0	0	1	80
61st Sewer Maintenance Facility (HVAC)	187	7	0	0	0	0	0	0	0	0	0	0
Aeration Tank Concrete Repair & Rehabilitation @ SWWPCP	4,122	17	0	0	2	80	1	40	0	0	3	120
Annual Service Contract 2018	397	24	0	0	2	25	5	102	0	1	8	132
Asbestos, Lead, and Mold Requirements	8,612	45	1	64	7	4,360	19	2,638	14	0	40	8,145
Automation of Blowdown Valves of Flocculation Sedimentation Tanks @ Belmont WTP (ELEC)	104	2	0	0	0	0	0	0	1	0	1	8
Boiler Service and Inspection (G.A)	1,277	15	0	0	2	27	0	0	1	0	3	57

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Bridesburg Rec Center	12,858	122	0	0	6	591	14	2,473	0	2	22	3,539
C17 Airport Operations Office Facility Expansion/Renovation - Electrical	333	4	0	0	0	0	0	0	0	0	0	0
C17 Airport Operations Office Facility Expansion/Renovation - General	584	12	0	0	6	192	2	48	0	0	8	240
C17 Airport Operations Office Facility Expansion/Renovation - Mechanical	8	1	0	0	0	0	0	0	0	0	0	0
C17 Airport Operations Office Facility Expansion/Renovation - Plumbing	60	5	0	0	0	0	0	0	0	0	0	0
CJC Elevators and Escalator Upgrades	376	4	0	0	0	0	1	160	0	0	1	160
CJC Elevators and Escalators	1,314	10	0	0	0	0	0	0	0	0	0	0
Capitolo Playgroud	8	1	0	0	0	0	0	0	0	0	0	0
Chiller & Cooling Tower Replacement @ Central Laboratory	2,141	27	0	0	6	307	2	16	0	0	8	323
City General Requirements Contract	225	6	0	0	0	0	0	0	0	0	0	0
City Hall Apron Phase 2	4,030	77	0	0	11	965	7	145	1	0	19	1,118
City Hall Apron Phase 2 Elec	218	6	0	0	0	0	0	0	0	0	0	0
City Hall Apron Phase 2 Plumbing	516	16	0	0	8	282	3	48	0	0	11	330
City Hall Counsel Chambers Ceiling	184	2	0	0	0	0	0	0	0	0	0	0
City Requirements Electrical	90	7	0	0	2	24	1	12	0	0	3	36
Citywide Electrical Requirements Palman	3,092	27	0	0	1	190	0	0	0	0	1	190
Citywide Electrical Requirements Various Projects	1,294	11	0	0	1	2	0	0	0	0	1	2
Citywide Electronic Safety and Security Requirements	54	1	0	0	1	54	0	0	0	0	1	54
Citywide Mechanical Requirements	586	16	2	264	2	30	0	0	0	0	2	30
Citywide Requirement Site Improvements	8,929	97	0	0	12	2,208	20	1,653	0	0	32	3,861
Citywide Requirements #2	56	4	0	0	0	0	0	0	0	0	0	0
Citywide Site Improvements	2,337	38	0	0	2	199	5	246	0	0	7	445
Concourses C & D HVAC Renovation and Replacement Mechanical	192	5	0	0	0	0	0	0	0	0	0	0
Construction for the Clearwell Basin @ Baxter WTP (Elec)	2,490	28	0	0	5	531	0	0	0	0	5	531
Construction for the Clearwell Basin @ Baxter WTP (GCON)	58,405	239	2	683	39	5,212	20	4,972	4	0	63	10,659
Construction of Green Infrastructure @ Buist Ave	9,340	57	0	0	10	688	2	125	0	0	12	813

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Construction of Green Infrastructure @ Hunting Park	1,001	7	0	0	3	387	1	150	0	0	4	536
Construction of Green Infrastructure @ Kingsessing Park	1,482	10	0	0	1	136	3	687	0	0	4	823
Construction of Green Stormwater Infrastructure & Right of Way Connections	1,054	9	0	0	5	577	2	268	0	0	7	845
Construction of Green Stormwater Infrastructure @ 12th St	6,083	66	0	0	11	1,551	14	483	0	0	25	2,034
Construction of Green Stormwater Infrastructure @ Cobbs Creek Park	7,289	27	0	0	2	96	7	3,092	0	1	10	4,728
Construction of Green Stormwater Infrastructure @ Duffield St	17,742	86	0	0	8	1,770	13	5,784	0	0	21	7,553
Construction of Green Stormwater Infrastructure @ Erie Ave	1,572	28	0	0	6	466	5	118	0	0	11	584
Construction of Green Stormwater Infrastructure @ Horrocks St	5,905	64	1	30	9	1,229	6	195	0	0	15	1,424
Construction of Green Stormwater Infrastructure @ Northern Liberties	3,382	28	0	0	3	700	7	1,845	0	1	11	2,547
Construction of Green Stormwater Infrastructure @ Ringgold St	7,990	74	1	32	6	392	7	948	5	2	20	1,599
Construction of Green Stormwater Infrastructure @ Trenton & Auburn Playground	4,677	32	0	0	5	687	4	121	0	0	9	807
Construction of Green Stormwater Infrastructure @ W. Butler St	10,388	60	0	0	18	2,886	5	2,471	0	0	23	5,357
Construction of Green Stormwater Infrastructure @ Wharton Square	3,854	49	0	0	7	426	11	602	0	0	18	1,028
Conveyance & Flow Control for Clearwell Basin Replacement @ Baxter WTP	25,937	109	2	1,626	18	9,965	13	2,192	0	1	32	12,182
Custodial Services @ City Hall & Other City Owned Real Estate	70,538	83	28	31,662	83	70,538	0	0	0	0	83	70,538
Custodial Services @ Police Department Locations	46,533	52	20	14,413	52	46,533	0	0	0	0	52	46,533
Custodial Services @ Various Philadelphia City Agencies	32,576	73	26	7,955	73	32,576	0	0	0	0	73	32,576
Custodial Services Fleet Management	2,670	9	1	494	9	2,670	0	0	0	0	9	2,670
Departures Road Barrier Wall and Trench Drain Improvements	1,433	13	0	0	2	257	1	193	0	0	3	450
Digester Roof Replacement (General) @ Northeast WPCP	12,775	128	0	0	26	3,840	3	249	1	0	30	4,165
Digester Roof Replacement (General) @ Southwest WPCP	21,826	158	1	41	43	5,549	4	91	0	0	47	5,640
Dissolved Air Flotation System Improvements (PLA) @ SWWPCP	8,027	35	2	80	4	392	6	2,208	0	0	10	2,600
Drinking Water System Security Improvements @ Various Facilities (Elec)	21,505	40	2	448	7	1,732	2	1,950	0	0	9	3,682

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Drinking Water System Security Improvements @ Various Facilities (GCON)	15,906	125	0	0	11	443	15	2,023	0	0	26	2,466
East Park Reservoir @ 33rd & Diamond	59,511	211	4	1,535	42	14,227	37	11,946	0	0	79	26,173
East Park Reservoir @ 33rd & Diamond (ELEC)	747	7	0	0	2	288	0	0	0	0	2	288
East Park Reservoir Tank Three @ 33rd & Diamond	63,077	212	4	1,227	54	17,014	32	9,605	0	0	86	26,619
Electrical Service & Pump Motor Replacement & New Standby Generators @ Belmont RWPS (PLA)	488	2	0	0	0	0	0	0	0	0	0	0
Elevator Maintenance & Repair	4,870	5	0	0	0	0	0	0	0	0	0	0
Emergency HVAC Repair Service (G.A)	2,189	20	0	0	2	65	3	11	1	0	6	323
Engine 37 Elec	10	2	0	0	0	0	0	0	0	0	0	0
Engine 37 G-Con	120	1	0	0	0	0	0	0	0	0	0	0
Engine 53 Improvements G-Con	6	2	0	0	0	0	0	0	0	0	0	0
Ferric Chloride System Improvements @ Belmont WTP (ELEC)	3,244	16	0	0	1	391	0	0	0	0	1	391
Filtered Water Storage Basins @ Belmont WTP	4,366	28	0	0	2	632	1	200	0	0	3	832
Final Sedimentation Tank Improvements @ SEWPCP	15,247	58	1	420	4	647	9	2,687	0	0	13	3,334
Fishtown Recreation Center Park Improvements	1,136	17	0	0	4	440	2	100	0	1	7	728
Fleet Management shop 258	8,474	111	1	16	18	1,590	10	408	0	4	32	2,065
Fluoride System Improvements @ Baxter WTP	8	1	0	0	0	0	0	0	0	0	0	0
Gate VO1 Upgrades	4,169	41	1	505	2	162	4	301	0	0	6	463
Gold Medal	1,343	13	0	0	2	53	0	0	0	0	2	53
Green Stormwater Infrastructure @ N. 16th St	2,035	14	0	0	2	191	4	862	0	1	7	1,163
Green Stormwater Infrastructure @ Palmer Cemetery	2,406	4	1	470	0	0	0	0	0	0	0	0
HVAC System Upgrades @ Baxter WTP (PLA)	11,264	50	0	0	14	2,250	0	0	0	0	14	2,250
Hagert Playground	463	15	0	0	1	22	1	72	1	1	4	182
Happy Hollow Rec	885	22	4	137	2	72	4	202	2	1	9	382
Hayes Playground	2,047	18	0	0	2	306	4	234	0	0	6	539
Health Care Center #10	5,453	12	0	0	2	32	0	0	0	0	2	32
House Of Corrections Facility	149	5	0	0	0	0	1	8	1	0	2	21
Improvements at Engines 8,10,18,19,25	93	2	0	0	0	0	0	0	0	0	0	0

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Improvements to Hydrated Lime System @ Baxter WTP	41	3	0	0	0	0	1	8	0	0	1	8
Landscaping & Planting Services for Green Stormwater Infrastructure	2,552	21	1	85	12	1,350	2	168	0	0	14	1,518
Market Street upgrades	6,008	50	0	0	10	511	7	144	0	0	17	655
Masonry Repairs to Admin Bldg Facade @ Queen Lane WTP	1,274	14	0	0	5	151	0	0	0	0	5	151
Mechanical Equipment Room (MER) Improvements (12,13,17) - Electrical	367	9	1	8	0	0	1	135	0	0	1	135
Mechanical Equipment Room (MER) Improvements (12,13,17) - Mechanical	1,148	13	0	0	4	180	0	0	0	0	4	180
Mechanical Requirements	914	15	0	0	0	0	0	0	0	0	0	0
Moss Playground	539	31	0	0	5	69	11	174	0	0	16	243
NE Rehabilitation Phase-5 Plumbing/Fire	24	1	0	0	0	0	0	0	0	0	0	0
Navy Yard Portable Water Pump	4,909	46	1	3	5	900	13	2,057	0	0	18	2,957
New Gravity Thickner Facilities @ NEWPCP (Electrical)	6,445	15	0	0	2	449	0	0	0	0	2	449
New Gravity Thickner Facilities @ NEWPCP (General)	3,278	16	0	0	1	8	0	0	0	0	1	8
New Gravity Thickner Facilities @ NEWPCP (HVAC)	316	9	0	0	0	0	0	0	0	0	0	0
New Requirements	1,007	9	0	0	1	229	1	70	0	0	2	299
New Storage Facility @ Torresdale Pumping Station (Electrical)	900	14	0	0	1	80	0	0	0	0	1	80
Northern Liberties Phase V	233	6	0	0	2	88	1	48	0	0	3	136
OM & S Services for Tri Plex	43,071	24	3	5,441	5	8,440	1	288	1	0	7	10,592
On Call Electrical Construction 2019	128	3	0	0	0	0	0	0	0	0	0	0
On Call General Construction 2019	1,457	14	0	0	5	358	0	0	0	0	5	358
On Call Mechanical Construction 2019	264	8	0	0	0	0	0	0	0	0	0	0
On Call Plumbing Construction 2019	2,017	13	0	0	2	560	0	0	0	0	2	560
On Call Site Construction	2,930	32	0	0	2	111	10	1,058	0	0	12	1,169
On Call Site Construction 2019	2,561	37	0	0	5	222	2	210	0	0	7	432
On-Call City Wide Parks & Recreation Facilities	78	7	0	0	0	0	0	0	0	0	0	0
PHL A-East Sterile Corridor Elevators	37	2	0	0	0	0	0	0	0	0	0	0
PICC Prison Project	2,432	8	0	0	0	0	1	415	0	0	1	415
PICC Prison Project Elec	1,129	4	0	0	0	0	0	0	0	0	0	0



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PIDC Project	247	13	1	19	8	152	0	0	1	0	9	171
PWD GSI 1720158 (M.B.)	870	27	3	4	10	360	13	480	0	0	23	840
Parkland Reforestation & Protection	549	5	0	0	0	0	0	0	0	0	0	0
Passenger Boarding Bridge Replacement Project Phase 2	2,446	32	0	0	2	248	1	14	0	0	3	262
Passenger Boarding Bridge Replacement Project Phase 2 Electrical	3,272	8	0	0	0	0	1	392	0	0	1	392
Paving Requirements Contract	6,615	68	1	99	8	653	16	1,329	0	0	24	1,981
Pedestrian Enhancements and Arrivals Road Rehabilitation	176	3	0	0	0	0	0	0	0	0	0	0
Peer Garp	1,809	4	0	0	0	0	0	0	0	0	0	0
Phila. International FM	63,862	110	2	1,101	9	7,020	4	1,271	0	1	14	9,935
Philadelphia Roxborough Library	668	12	0	0	1	71	1	87	0	0	2	158
Pier 264 North Emergency Intake Gate House Upgrade @ Baxter WTP	6,913	42	1	880	7	608	3	88	0	0	10	696
Plumbing & Heating Repair Service (G.A)	5,382	45	0	0	3	1,370	11	372	1	0	15	1,797
Police Department #8	2,381	40	0	0	2	348	5	72	3	0	10	584
Police Department Security District 24 and 25	22	1	0	0	0	0	0	0	0	0	0	0
Police Dept. #8 Elec	831	12	0	0	0	0	0	0	0	0	0	0
Police District #5 Elec.	54	1	0	0	0	0	0	0	0	0	0	0
Police District #5 Gen	1,153	20	0	0	0	0	1	5	0	0	1	5
Reconstruction of Sewers & Relays @ 42nd St	8,432	24	0	0	3	1,378	11	2,667	0	0	14	4,045
Reconstruction of Sewers & Relays @ Bellevue	15,569	47	0	0	4	660	7	1,035	0	1	12	1,703
Reconstruction of Sewers & Relays @ Carlisle St	48	6	0	0	0	0	1	8	0	0	1	8
Reconstruction of Sewers & Relays @ Hollywood St (PLA)	888	11	0	0	1	48	9	704	0	0	10	752
Reconstruction of Sewers & Relays @ Krams Ave	2,761	18	0	0	1	92	2	100	0	0	3	192
Reconstruction of Sewers & Relays @ Sansom St (ELB)	4,909	63	1	290	6	874	14	964	1	1	22	1,917
Reconstruction of Sewers & Relays @ South St	6,157	66	0	0	8	1,115	12	1,736	0	1	21	2,856
Rehabilitation of Mechanical & Electrical Systems @ Central Schuylkill Pumping Station (Elec)	1,473	21	0	0	3	32	0	0	0	0	3	32
Rehabilitation of Mechanical & Electrical Systems @ Central Schuylkill Pumping Station (GCON)	3,645	29	0	0	2	56	4	89	0	0	6	145

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Rehabilitation of Pier 217 North @ NEWPCP	609	9	0	0	1	136	0	0	0	0	1	136
Rehabilitation of Sedimentation Tanks & Flocculation System @ Belmont WTP	346	7	0	0	2	113	0	0	0	0	2	113
Rehabilitation of Sludge Gas System & PTB Freight Elevator @ SWWPCP	2,607	22	0	0	1	247	5	853	0	0	6	1,100
Relay of Water Mains & Abandonment of Water Mains @ N. 28th St	3,216	31	0	0	6	138	6	1,376	0	1	13	1,522
Relay of Water Mains & Abandonment of Water Mains @ Shawmont	3,556	40	0	0	3	460	7	920	0	0	10	1,380
Relay of Water Mains & Construction of Green Infrastructure @ Adams Ave	4,978	13	0	0	7	4,678	1	280	0	0	8	4,958
Relay of Water Mains & Construction of Green Infrastructure @ Cecil B. Moore (PLA)	9,050	47	0	0	3	152	8	2,248	0	1	12	2,407
Relay of Water Mains & Construction of Green Infrastructure @ Cedar Ave	7,242	45	0	0	11	2,881	15	2,476	0	0	26	5,357
Relay of Water Mains & Construction of Green Infrastructure @ Ellsworth St	796	13	0	0	1	84	10	616	0	0	11	700
Relay of Water Mains & Construction of Green Infrastructure @ Gainor Rd	6,864	27	0	0	4	2,025	11	3,217	0	1	16	5,250
Relay of Water Mains & Construction of Green Infrastructure @ Lawrence St	250	9	0	0	1	67	7	164	0	0	8	231
Relay of Water Mains & Construction of Green Infrastructure @ Master St	14,508	80	0	0	13	1,168	26	6,545	0	0	39	7,713
Relay of Water Mains & Construction of Green Infrastructure @ McClellan St (PLA)	2,355	26	0	0	4	332	4	368	0	0	8	700
Relay of Water Mains & Construction of Green Infrastructure @ Mole St	683	16	0	0	2	89	9	455	0	0	11	544
Relay of Water Mains & Construction of Green Infrastructure @ Mole St 2	2,588	24	0	0	1	190	15	1,832	0	0	16	2,022
Relay of Water Mains & Construction of Green Infrastructure @ Pierce St	10,258	48	0	0	2	267	20	9,464	0	0	22	9,731
Relay of Water Mains & Construction of Green Infrastructure @ Race St	1,180	11	0	0	1	8	2	184	0	0	3	192
Relay of Water Mains & Construction of Green Infrastructure @ Ruan St	3,828	19	0	0	3	562	10	1,654	0	0	13	2,216
Relay of Water Mains & Construction of Green Infrastructure @ S. 9th St	13,517	71	0	0	13	2,853	13	1,309	0	0	26	4,162
Relay of Water Mains & Construction of Green Infrastructure @ Weikel St	9,634	64	0	0	2	40	6	2,163	0	0	8	2,202

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Relay of Water Mains & Reconstruction of Sewers @ 9th St	11,114	66	0	0	3	364	21	8,095	0	1	25	8,474
Relay of Water Mains & Reconstruction of Sewers @ Bouvier St	27,568	121	0	0	8	1,631	16	3,996	0	1	25	5,643
Relay of Water Mains & Reconstruction of Sewers @ Conestoga St	5,013	28	0	0	6	744	5	691	1	0	12	1,466
Relay of Water Mains & Reconstruction of Sewers @ Galloway St	11,927	44	0	0	6	1,598	7	3,009	0	0	13	4,607
Relay of Water Mains & Reconstruction of Sewers @ Hirst St	3,193	16	0	0	6	1,734	4	689	0	0	10	2,423
Relay of Water Mains & Reconstruction of Sewers @ Trinity St	5,384	27	0	0	1	16	10	3,590	0	0	11	3,606
Relay of Water Mains @ Benson St	2,079	20	0	0	2	8	5	459	0	0	7	467
Relay of Water Mains @ Fairmount Ave	6,910	37	0	0	11	5,118	8	772	0	1	20	5,902
Relay of Water Mains @ Manning St	661	14	0	0	0	0	4	200	0	1	5	319
Relay of Water Mains @ Phila Airport Economy Parking Lot	728	16	0	0	1	135	5	464	0	1	7	604
Relay of Water Mains @ W. Logan St	1,877	17	0	0	0	0	4	434	0	0	4	434
Relay of Water Mains Reconstruction of Sewers, Sewer Trenchless CIPP lining & Green Infrastructure @ Ellsworth St	9,810	40	0	0	4	1,774	12	2,789	0	2	18	4,645
Repair, Maintenance and/or Engineering Services for Electrical Equipment and Systems	1,484	3	0	0	0	0	0	0	0	0	0	0
Replacement & Rehabilitation of Intake Gate, Valves & Traveling Screens @ Baxter WTP	5,288	23	0	0	3	452	0	0	0	0	3	452
Replacement of Boilers in Chemical Building @ Belmont WTP	14,776	39	0	0	3	614	1	120	0	0	4	734
Replacement of Ferric Chloride Storage & Feed Systems @ Queen Lane WTP	4,221	58	0	0	8	493	9	673	0	0	17	1,165
Replacement of Filter Underdrains & Media @ Belmont WTP	3,933	8	1	1,040	2	963	0	0	0	0	2	963
Replacement of Filter Underdrains & Media @ Queen Lane WTP	324	8	0	0	0	0	0	0	0	0	0	0
Replacement of Low Voltage Distribution Equipment @ Queen Lane WTP	1,781	12	0	0	0	0	2	314	1	0	3	935
Replacement of Sludge Return Lines @ Southwest WPCP	445	7	0	0	0	0	0	0	0	0	0	0
Replacement of post Treatment Building 480V Switchgear @ Baxter WTP	11	2	0	0	0	0	1	3	0	0	1	3
Requirements Contract	1,757	14	0	0	3	290	0	0	5	0	8	519
Scotland Yard Security Services	68,177	185	61	20,137	161	57,732	7	3,301	0	0	168	61,033
Sewer Construction @ S. Christopher Columbus Blvd	1,102	17	0	0	1	106	4	429	0	0	5	535

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Sodium Hypochlorite Storage Tanks Mixing System Modifications @ Belmont WTP	889	15	0	0	2	247	0	0	0	0	2	247
Sodium Recirculating System Modifications @ Belmont WTP	677	11	0	0	0	0	1	24	0	0	1	24
Stenton Park Electrical	376	3	0	0	0	0	0	0	0	0	0	0
Stenton Park G-Con	2,477	44	0	0	2	64	7	355	0	0	9	419
Stenton Park Mechanical	98	2	0	0	0	0	0	0	0	0	0	0
Stormwater PIDC	23,783	20	0	0	0	0	5	8,896	0	0	5	8,896
Stormwater Pumping Station Rehabilitation Project (Elec) @ 26th St	437	8	0	0	0	0	0	0	0	0	0	0
Stormwater Pumping Station Rehabilitation Project (General) @ 26th St	50	5	0	0	2	17	2	17	0	0	4	34
Tank Requirements	1,177	6	1	104	0	0	0	0	0	0	0	0
Terminal A West Sector 3 Explosive Detection System Recapitalization Project - General	5,555	68	0	0	10	509	7	567	1	0	18	1,092
Terminal A West Sector 3 Explosive Detection System Recapitalization Project - Electrical	3,934	9	0	0	1	104	0	0	0	0	1	104
Terminal A West Sector 3 Explosive Detection System Recapitalization Project - Mechanical	1,754	16	0	0	3	714	0	0	0	0	3	714
Terminal A West Sector 3 Explosive Detection System Recapitalization Project - Baggage	33,754	54	0	0	3	2,332	0	0	0	0	3	2,332
Terminal A West Vestibules - Electrical	688	14	1	172	0	0	1	104	0	0	1	104
Terminal A West Vestibules - General	5,157	39	0	0	5	340	2	16	0	0	7	356
Terminal A West Vestibules - Mechanical	958	8	0	0	0	0	0	0	0	0	0	0
Test Project	76	4	0	0	2	38	0	0	0	0	2	38
Tree Pruning	2,740	33	1	40	0	0	1	198	0	0	1	198
Trees & Planting	2,512	25	0	0	4	319	16	1,636	0	0	20	1,954
Trenchless Sewer Rehabilitation	6,618	46	1	8	3	305	13	2,084	1	2	19	3,088
Trenchless Sewer Rehabilitation Lining @ Cobbs Creek	7,653	56	0	0	20	3,633	8	344	0	0	28	3,977
U.S Communities City Hall Elevator Penthouse	157	8	0	0	3	77	0	0	0	0	3	77
U.S Communities Police District 19	1,701	16	0	0	2	153	0	0	0	0	2	153
U.S Communities Police District 39	189	6	0	0	0	0	0	0	0	0	0	0
U.S Communities Project Police District 16	912	10	0	0	2	187	1	125	0	0	3	312

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U.S Communities West Corner Pavilion	32	2	0	0	0	0	0	0	0	0	0	0
U.S Communitites Prison Maintenance	993	22	0	0	2	91	1	58	0	1	4	152
U.S Communitites Contract Roxborough Library	30	1	0	0	0	0	0	0	0	1	1	30
USPS Airmail Handling Facility Demolition	1,065	21	0	0	3	178	2	40	0	0	5	218
Upgraded Balfour St Entrance @ NEWPCP	1,246	16	0	0	3	28	3	128	0	0	6	156
Various Phila Parks & Rec Location	5,219	34	0	0	3	199	23	3,524	0	0	26	3,723
Von Conlin Field Electrical	187	3	0	0	0	0	1	139	0	0	1	139
Window, Door Replacement & Skylight Penthouse Renovation @ Queen Lane WTP	2,545	33	0	0	4	66	2	122	0	0	6	188
Zoo Peco Primate Building	3,028	34	0	0	2	40	2	73	0	0	4	113

Source: M<sup>3</sup> Consulting; LCP Tracker; American Community Survey 2006-2010 Equal Employment Opportunity (EEO) Tabulation Data

# **FY 2019 Workforce Analysis**

## **City of Philadelphia**

**July 2020**



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# Introduction

- The presentation includes analysis of Racial/Ethnic/Gender Disproportionality and Disparity at the City of Philadelphia Construction Industry.
- The presentation provides results of the analysis and recommendations on the construction labor force of 226 active Economic Opportunity Plans (EOP) projects over a 12-month period from July 1, 2018 through June 30, 2019.
- The labor force analysis includes both skilled and non-skilled workers employed on the City of Philadelphia construction projects.





# Approach and Methodology

- The availability of diverse construction workers in the City of Philadelphia was determined using American Community Survey 2006-2010 Equal Employment Opportunity (EEO) Tabulation Data provided by the United States Census Bureau<sup>1</sup>.
- EEO designated construction occupations are grouped into two categories: Laborer and Skilled workers.
- Utilization of diverse construction workers for the study was based on the data from the City's LCP Tracker system for the 2019 fiscal year.
- Disparity analysis includes a calculation of the utilization/availability ratio and variance of goals for participation, parity and hours.

<sup>1</sup><http://www.census.gov/people/eeotabulation/>; Updated EEO Tabulation data, based on the 2014-2018 5-year ACS dataset, will be released in 2020-2021.



## Approach and Methodology (cont'd)

The analysis includes construction labor hours for laborers and skilled trade workers.

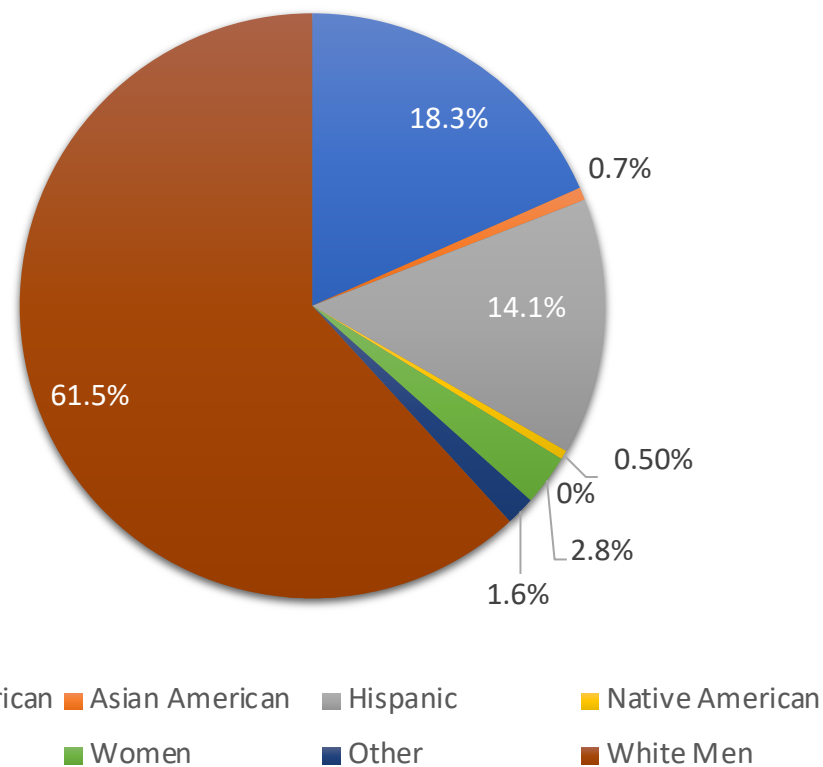
Definitions of concepts used in the analysis:

- **Laborer** - a person doing unskilled manual work for wages.
- **Skilled trades** - occupations that require a special skill, knowledge or ability which can be obtained at a college, technical school or through specialized training (e.g. electricians, power equipment operators, plumbers).
- **Apprentice** – a person who works for another in order to learn a trade
- **Journey person** – a certified, recognized and skilled person in a trade

# Overview

- 226 EOP Projects
- 1,377,211 Hours
- 7,144 workers

## All Trade/Contractor Utilization by the City of Philadelphia by Race/Ethnicity/Gender, 2019





# Overview-Breakdown of Employees by Race/Ethnicity/Gender

	Number	Percentage
<b>Total White men employees</b>	<b>4,425</b>	<b>61.5</b>
African American	1,313	18.3
Asian American	48	0.7
Hispanic American	1,008	14.1
Native American	34	0.5
Two Races	0	0
<b>Total all Minorities employees</b>	<b>2,403</b>	<b>33.6</b>
Total Women employees	202	2.8
Total other employees	114	1.6
<b>ALL Employees</b>	<b>7,144</b>	<b>100.0</b>

Source: M<sup>3</sup> Consulting; LCP Tracker



# Availability by Race/Ethnicity/Gender/Job Type

Availability	African-American	Asian American	Hispanic American	Native American	All Minorities	Women
Laborer	35.10%	3.10%	19.00%	0.00%	59.00%	4.70%
Skilled	24.00%	3.20%	12.10%	0.50%	40.90%	2.80%
<b>All</b>	26.70%	3.20%	13.80%	0.40%	45.00%	3.30%

Source: M<sup>3</sup> Consulting; LCP Tracker; American Community Survey 2006-2010 Equal Employment Opportunity (EEO) Tabulation Data



## Utilization Analysis

This report tracks the utilization of minority and women workers using the City's LCP Tracker employment data. The data provides information on the labor force characteristics of EOP projects from July 1, 2018 through June 30, 2019 and labor groups based on race/ethnicity/gender of the workers. The result of the utilization analysis is presented on the next slide.



# Utilization by Race/Ethnicity/Gender/Job Type, 2019

	White Men		African American		Asian American		Hispanic American		Native American		All Minority		Women		Other Employee		Total Employees	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
<b>Laborer</b>	1,283	50.8%	497	19.6%	19	0.8%	660	26.1%	9	0.4%	1,212	48.0%	29	1.1%	27	1.1%	2,524	35.1%
<b>Skilled</b>	3,142	68.0%	816	17.7%	29	0.6%	348	7.5%	25	0.5%	1,218	26.4%	173	3.7%	87	1.9%	4,620	64.9%
<b>All</b>	<b>4,425</b>	<b>62.0%</b>	<b>1,313</b>	<b>18.5%</b>	<b>48</b>	<b>0.7%</b>	<b>1,008</b>	<b>14.2%</b>	<b>34</b>	<b>0.5%</b>	<b>2,430</b>	<b>34.0%</b>	<b>202</b>	<b>2.8%</b>	<b>114</b>	<b>1.2%</b>	<b>7,144</b>	<b>100%</b>

Source: M<sup>3</sup> Consulting; LCP Tracker



# Utilization of the Labor Force by Working Hours, 2019

	White Men		African American		Asian American		Hispanic American		Native American		Two Races	All Minority		Women		Other		Total Hours
	%	#	#	%	#	%	#	%	#	%	#	#	%	#	%	#	%	#
<b>Laborer Hours</b>																		
<b>Journey</b>	188,744	47.12%	80,033	19.90%	1,209	0	123,078	30.25%	2,471	0.10%	0	206,791	51.60%	0	0.00%	5,041	1.25%	400,576
<b>Apprentice</b>	0	0.00%	2,795	98.00%	0	0	0	0.00%	0	0.00%	0	2,795	98.00%	0	0.00%	56	2.00%	2,851
<b>Total</b>	188,744	47.50%	82,828	20.50%	1,209	0	123,078	30.50%	2,471	0.10%	0	209,586	51.20%	0	0.00%	5,097	1.30%	403,427
<b>Skilled Hours</b>																		
<b>Journey</b>	593,379	65.15%	210,256	23.08%	4,259	0%	62,785	7.63%	2,641	0.29%	0	279,941	30.73%	691	0.08%	36,792	4.04%	910,112
<b>Apprentice</b>	45,169	70.00%	15,179	24.40%	0	0	1,239	0.00%	0	0.00%	0	16,418	27.74%	699	0.03%	1,386	2.23%	63,672
<b>Total</b>	638,547	65.53%	225,435	23.17%	4,259	0.45	64,024	6.58%	2,641	0.27%	0	296,359	30.41%	1390	0.14%	38,178	3.92%	974,474
<b>All Hours</b>																		
<b>Journey</b>	780,737	59.64%	290,289	22.14%	5,468	0	185,863	14.17%	5,112	0.40%	0	486,732	39.92%	691	0.05%	41,833	3.19%	1,310,688
<b>Apprentice</b>	45,169	67.90%	17,974	27.02%	0	0	1,239	1.86%	0	0.00%	0	19,213	28.88%	699	0.00%	1,442	2.17%	66,523
<b>Total</b>	827,291	60.10%	308,263	22.39%	5,468	0.39	186,412	13.59%	5,112	0.37%	0	505,255	39.80%	1390	0.10%	43,275	3.14%	1,377,211

Source: M<sup>3</sup> Consulting; LCP Tracker



# Disparity Analysis and Goal Attainment

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The disparity analysis includes:

- calculation of the utilization/availability ratio
- goals variance



## Disparity: Ratio of Utilization to Availability

- The difference between the availability of minority workers compared to the utilization of minority workers determines the disparity between participation of minority and non-minority workers on EOP projects.
- The disparity ratio  $>1.0$  represents “**over-utilization**”
- The disparity ratio  $= 1.0$  indicates “**parity**”
- The disparity ratio  $<1.0$  represents “**under-utilization**”



# Workforce Disparity Ratio, 2019

Utilization /Availability	African- American	Asian American	Hispanic American	Native American	All Minorities	Women
Laborer	0.56	0.26	1.37	0.00	0.81	0.23
Skilled	0.74	0.19	0.62	1.00	0.65	1.32
<b>All</b>	<b>0.69</b>	<b>0.22</b>	<b>1.03</b>	<b>1.25</b>	<b>0.76</b>	<b>0.85</b>

Source: M<sup>3</sup> Consulting; LCP Tracker; American Community Survey 2006-2010 Equal Employment Opportunity (EEO) Tabulation Data



# Disparity Ratio Findings

- All minorities and women are still **under-utilized** at 0.76
- However, the disparity ratio for all Hispanic, Asian and Native American workers is at the **parity or at over-utilization levels** with the ratio equal to 1.0 or slightly above 1.0
- Women workers are **under-utilized** at 0.84.

# Meeting Goals

	<b>Workforce Participation Goals, %</b>	<b>Participation 2019, %</b>	<b>Variance, 2019</b>
<b>Women</b>	5	2.8	2.2
<b>All Minority</b>	40	33.6	6.4

## Meeting Goals, (cont'd)

	% Hours, 2019	% Hours Goals	Variance
<b>Journeypersons</b>			
African American	22.1	22	0.1
Hispanic American	14.1	15	0.9
Asian American	0.0	3	3
All Minority	39.9	40	0.1
Women	0.5	5.0	4.5
<b>Apprentices</b>			
Minority	28.9	50	21.1
Women	0.0	5	5

# Summary and Recommendations

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The results of the analysis show positive trends in the City of Philadelphia labor force of EOP projects :

- In meeting the goals of participation and hours for all minorities workers
- In parity of utilization and availability of minorities workers



# Policy and Program Recommendations and Future Research

- Setting goals
  - Decrease women's participation goal to reflect their availability
  - Revise minority and women apprentice goals for hours setting it for minority apprentices at 30% and for women at 3%
  - Examine employment participation rate on smaller projects and by department
    - To encourage diversity of the workforce
- Refine an employment data collection
  - To improve the quality of the future analyses



# **FY 2019 Workforce Analysis**

## **City of Philadelphia**

**July 2020**