

City of Philadelphia Annual Disparity Report

Fiscal Year 2021

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Submitted to City of Philadelphia, Office of Economic Opportunity



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1. Introduction

1.1. Report Purpose

Econsult Solutions, Inc. and Milligan Consulting, LLC (collectively “the ESI team”) are pleased to submit the Annual Disparity Study for Fiscal Year 2021 (FY21) to the City of Philadelphia. The Annual Disparity Study consists of three parts:

1. A Core Disparity Study analysis of the City’s utilization of Minority-Owned Business Enterprises (MBEs), Woman-Owned Business Enterprises (WBEs), and Disabled-Owned Business Enterprises (DSBEs) (collectively “MWDSBEs”) in City contracts, relative to the availability of such firms to compete for City business.
2. An analysis of the Difference in City’s Economic Opportunity Plans (EOPs) between commitments to use MBEs and WBEs versus actual usage.
3. An analysis of the distribution of labor hours in EOPs to minorities and women, relative to their availability in the relevant labor force.

This report is the first of those parts. The other two parts are contained in separate stand-alone reports.

1.2. Study Background

This Core Disparity Study is an annual requirement of the City, per Title 17 of the Philadelphia Code, as amended by Ordinance No. 060855-A. Its purpose is to estimate the utilization of MWDSBEs in City contracts, relative to their availability. By determining the extent to which there is a disparity between utilization and availability, this analysis is foundational in establishing MWDSBE utilization goals for the City as well as for individual contracts.

The Annual Disparity Study, including this Core Disparity Study, was commissioned by the City’s Office of Economic Opportunity (OEO), which is also the City department that establishes and monitors MWDSBE utilization goals. All reports are presented to the Mayor and City Council and are made publicly available.

The framework for this analysis is informed by the seminal US Supreme Court case, *Richmond v. JA Croson Company* (1989), which established that the setting of race- and gender-specific goals required an understanding of how historical utilization levels by a procurer related to the proportion of “ready, willing, and able” firms available to a procurer that are MWDSBEs. Disparity Studies have since then become recognized tools for procurers to determine whether and where disparity exists, in order to narrowly tailor race- and gender-specific remedies where appropriate.

1.3. Analysis Framework

This Core Disparity Study utilizes the framework established by the Croson case, in which Disparity is determined by comparing Utilization and Availability. By defining Disparity as Utilization divided by Availability, a Disparity Ratio of greater than 1 means that Utilization is greater than Availability, whereas a Disparity Ratio of less than 1 means that Utilization is less than Availability (see Figure 1.1).

Figure 1.1 Calculating a Disparity Ratio

Disparity Ratio =	Utilization ÷ Availability
where:	
Utilization =	\$ value of contracts awarded to MWDSBEs ÷ \$ value of all awarded contracts
Availability =	# MWDSBEs that are “ready, willing, and able” for City work ÷ # firms that are “ready, willing, and able” for City work
Therefore, if	
Utilization > Availability, then	Disparity Ratio of >1 means over-utilization
Utilization < Availability, then	Disparity Ratio of <1 means under-utilization

Based on this framework, a Disparity Ratio of less than 1 (i.e., Utilization is less than Availability) represents under-utilization of MWDSBEs and provides substantiation for race- and gender-specific remedies in response. However, a Disparity Ratio of greater than 1 (i.e., Utilization is greater than Availability), while it represents over-utilization, does not necessarily negate the need for race- and gender-specific remedies in response. Since the Croson case, Disparity Studies and the commensurate case law have evolved to accommodate additional analyses that also substantiate the need for race- and gender-specific remedies. These additional analyses were not included in this Core Disparity Study but have been performed by the City in recent years.

1.4. Analysis Scope

This Core Disparity Study analysis concerns itself with the \$700.3 million in sealed bid and non-sealed contracts that took place in FY21. This spending is sorted into three City contract types:

1. Public Works (PW) contracts (i.e., construction)
2. Personal and Professional Services (PPS) (i.e., consulting)
3. Supplies, Services, and Equipment (SSE) contracts (i.e., commodity goods and services)

It is important to note that two other categories: Miscellaneous Purchase Orders (MPO) and Small Order Purchases (SOP) were also analyzed within this study. However, because these categories comprise of less than one percent of the total spend, this report showcases the three City contract types listed above.

This Core Disparity Study looks at the utilization of MWDSBEs in the aggregate, as well as each MWDSBE sub-category: MBE, WBE, and DSBE. Where the data are available, this Core Disparity Study looks at sub-categories within the MBE designation: Black, Asian, Hispanic, and Native American.

This Core Disparity Study looks at the utilization of MWDSBEs in PW, PPS, and SSE contracts, whether as prime contractors or sub-contractors. Specifically, it looks at the distribution of dollars awarded in these contracts, which represents the point of decision-making by the City as to who it desires to do business with. It does not look at actual purchase orders or dollars spent in these contracts.

For this Core Disparity Study, MWDSBE utilization and availability is further broken out into three geographic levels where the data allow such granular analysis:

1. Utilization and availability of MWDSBEs located within the city of Philadelphia¹
2. Utilization and availability of MWDSBEs located within the Philadelphia region, defined as the 11-county Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area (hereafter referred to as “Philadelphia MSA”)
3. Utilization and availability of all MWDSBEs

The \$700.3 million in contracts analyzed in this report does not include the \$103.8 million in federally funded contracts, as the City has limited goal-setting influence over those contracts. It also does not include City contracts to not-for-profit entities (e.g., social service providers contracted by the City’s Department of Human Services), since not-for-profit entities are not privately-owned and therefore cannot be considered MWDSBEs.

This analysis does include \$772.4 million in spending by the following quasi-public entities:

1. Office of Housing and Community Development (OHCD)
2. Philadelphia Industrial Development Corporation (PIDC)
3. Philadelphia Redevelopment Authority (PRA)

¹ Throughout the report, “City of Philadelphia” refers to the government while “city of Philadelphia” refers to the geography.

Where helpful, FY21 results are displayed alongside FY16 results. This enables a longitudinal comparison with the beginning of the current Kenney Administration.

See Appendix 5.1 for additional detail on data sets and data sources used in this Core Disparity Study.

1.5. Report Organization

The ensuing content sections cover the three components of a Disparity Ratio:

- Section 2 addresses how Utilization is calculated and what the levels are in the aggregate and for various MWDSBE sub-categories and City contract types.
- Section 3 addresses how Availability is calculated and what the levels are in the aggregate and for various MWDSBE sub-categories and City contract types.
- Section 4 addresses the resulting Disparity Ratios that can be calculated based on Utilization and Availability levels.

2. Utilization

2.1. Definition and Availability

Utilization is defined as the dollar value of contracts awarded to MWDSBEs divided by the dollar value of all awarded contracts. These calculations can be performed using data provided by OEO, namely two data sets:

1. The FY21 Annual Participation Report, which provides contract-level data including dollar amount, contract type, City department, and prime contractor (and, if applicable, the name of any sub-contractors)
2. The current OEO directory of certified MWDSBEs registered with the City

These two data sets contain all information needed to calculate Utilization, as they can be combined in such a way as to understand the proportion of City spending that is awarded to any MWDSBE. Utilization can be calculated in the aggregate as well as by contract type (the columns Figures 2.1 through 2.3) and by MWDSBE sub-category (the rows in the Figures 2.1 through 2.3).

2.2. Utilization by Geographic Location of MWDSBE

Utilization can also be calculated by the geographic location of the MWDSBEs. Hence, Figure 2.1 below displays Utilization as the proportion of all awarded contract dollars that went to MWDSBEs. Conversely, Figure 2.2 displays Utilization as the proportion of all awarded contract dollars that went to MWDSBEs located in the Philadelphia MSA, and Figure 2.3 displays Utilization as the proportion of all awarded contract dollars that went to MWDSBEs located in the city of Philadelphia.

Figure 2.1 FY21 Compared to FY16 Utilization in City Contracts (All MWDSBEs)

MWDSBE Category	FY21				FY16			
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
White Women	10.7%	8.6%	7.0%	8.9%	10.7%	11.8%	21.1%	12.4%
Native American	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asian American	3.8%	6.2%	1.9%	5.1%	4.2%	4.3%	0.0%	3.2%
Black	8.9%	19.2%	6.0%	15.3%	7.5%	19.4%	3.2%	13.1%
Hispanic	6.6%	2.1%	0.1%	2.9%	2.8%	2.6%	0.1%	2.4%
All MBEs	19.3%	27.6%	8.1%	23.4%	14.6%	27.0%	3.3%	19.6%
All WBEs	13.7%	13.7%	7.1%	12.9%	11.8%	18.2%	22.5%	16.3%
All Disabled	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
All MWDSBEs	30.0%	36.4%	15.1%	32.4%	25.3%	38.9%	24.4%	32.0%
Including Quasi-Public City Contracts								
US				20.2%				30.7%
Non-MWDSBEs				79.8%				69.4%

Source: OEO Annual Participation Report (FY16, FY21), Econsult Solutions, Inc. (2017, 2022)

Figure 2.2 FY21 Utilization in City Contracts (MWDSBEs Located in the Philadelphia MSA)

MWDSBE Category	FY21				FY16			
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
White Women	9.5%	5.4%	6.9%	6.5%	9.8%	4.3%	20.0%	8.0%
Native American	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asian American	1.0%	2.9%	0.2%	2.1%	2.4%	1.7%	0.0%	1.7%
Black	6.5%	15.7%	6.0%	12.5%	6.0%	16.3%	2.8%	10.9%
Hispanic	6.6%	1.0%	0.1%	2.2%	2.4%	2.3%	0.1%	2.0%
All MBEs	14.0%	19.7%	6.3%	16.9%	10.9%	20.9%	2.9%	15.0%
All WBEs	12.6%	8.8%	7.0%	9.4%	10.9%	9.1%	20.6%	11.0%
All Disabled	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
All MWDSBEs	23.5%	25.2%	13.2%	23.4%	20.7%	25.1%	22.4%	23.0%

Source: OEO Annual Participation Report (FY16, FY21), Econsult Solutions, Inc. (2017, 2022)

Figure 2.3 FY21 Utilization in City Contracts (MWDSBEs Located in the City of Philadelphia)

MWDSBE Category	FY21				FY16			
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
White Women	3.1%	2.8%	5.0%	3.1%	4.7%	1.0%	16.4%	4.1%
Native American	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asian American	1.0%	0.0%	0.0%	0.2%	2.1%	0.2%	0.0%	0.8%
Black	1.4%	13.4%	5.5%	9.7%	2.8%	14.1%	1.9%	8.5%
Hispanic	6.0%	0.9%	0.0%	1.9%	1.4%	2.2%	0.1%	1.6%
All MBEs	8.3%	14.3%	5.5%	11.9%	6.3%	16.4%	2.0%	11.0%
All WBEs	6.0%	5.1%	5.1%	5.3%	5.7%	4.3%	16.5%	6.2%
All Disabled	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
All MWDSBEs	11.4%	17.1%	10.6%	15.0%	11.0%	17.3%	18.4%	15.0%

Source: OEO Annual Participation Report (FY16, FY21), Econsult Solutions, Inc. (2017, 2022)

The MWDSBE Utilization in all City contracts and contracts of quasi-public entities (excluding federal contracts) decreased by 10.4 percentage points, from 30.7 percent in FY16 to 20.2 percent in FY21, driven by a significant decline in utilization in quasi-public contracts (see Figure 2.1). Despite this decline in percentage terms, overall spending was nearly equal: MWDSBEs received \$296.9 million in FY21 versus \$303.9 million in FY16. When only accounting for City contracts, Utilization increased slightly, from 32.0 percent in FY16 to 32.4 percent in FY21, with spending for these contracts up from \$216.1 million in FY16 to \$227.2 million currently.

Utilization in Services, Supplies, and Equipment (SSE) contracts decreased by 9.3 percentage points, while Utilization in Personal and Professional Services (PPS) contracts decreased 2.5 percentage points since FY16. Utilization in Public Works (PW) contracts increased over the same time, up 4.7 percentage points.

MBE Utilization increased across all contract types, with SSE contracts up 4.8 percent since FY16. Utilization increased for WBE firms for PW contracts, up 1.9 percentage points. WBE utilization in SSE and PPS contracts decreased 15.4 and 4.5 percent, respectively.

The three above figures focus on City contracts. Other spend includes that done by City quasi-public agencies including PHDC, PIDC, and RDA. Combined, these agencies represent an additional \$772.4 million in contracts in FY21, up from \$317.1 million in FY16 (see Figure 2.4). Where available and applicable, information on federally funded City contracts is provided but excluded from the overall analysis since the City does not fully control the goal setting on federally funded contracts. In FY21, federally funded contracts totaling \$103.8 million achieved an MWDSBE Utilization of 19.4 percent (see Figure 2.5).

Figure 2.4 FY21 Utilization in City Quasi-Public Agencies

Entity	Time Period	FY21				FY16			
		All Contracts (\$M)	MBE%	WBE%	DSBE %	All Contracts (\$M)	MBE%	WBE%	DSBE %
RDA	7/1-6/30	\$670.1	4.2%	1.4%	0.0%	\$238.3	18.8%	6.6%	0.0%
PHDC	7/1-6/30	\$36.8	27.3%	5.5%	0.0%	\$49.8	29.1%	9.0%	0.0%
PIDC	7/1-6/30	\$65.4	18.3%	12.7%	0.2%	\$28.9	24.3%	4.6%	0.0%
Total		\$772.4	9.0%			\$317.1	27.7%		

Source: OEO Annual Participation Report (FY16, FY21), Econsult Solutions, Inc. (2017, 2022)

Figure 2.5 FY21 Utilization in Federally Funded City Contracts

Contract Type	Number of Contracts	All \$ Contracts	% MWDSBE	Included in Core Disparity Study Analysis?
PW	10	\$103.8	19.4%	No
PPS	0	\$0.0	N/A	N/A
SSE	0	\$0.0	N/A	N/A
All Contract Types	10	\$103.8	19.4%	No

Source: OEO Annual Participation Report (FY16, FY21), Econsult Solutions, Inc. (2017, 2022)

As noted, the City has limited goal-setting influence on federally funded contracts, and hence while it is useful to show Utilization aggregated between City contracts and City quasi-public agency contracts, federally funded contracts are not included in the combined Utilization calculation (see Figure 2.6).

Figure 2.6 FY21 Utilization in City Contracts, City Quasi-Public Agencies, and Federally Funded City Contracts

	FY21				FY16			
	PW	PPS	SSE ²	All Contract Types	PW	PPS	SSE	All Contract Types
City Contracts	30.0%	36.4%	15.1%	32.4%	25.3%	38.9%	24.4%	32.0%
Quasi-Public City Contracts	N/A	N/A	N/A	9.0%	N/A	N/A	N/A	27.7%
City + Quasi-Public City Contracts	N/A	N/A	N/A	20.2%	25.3%	38.9%	24.4%	30.7%
Federally Funded City Contracts	19.4%	N/A	N/A	19.4%	13.2%	N/A	N/A	13.2%

Source: OEO Annual Participation Report (FY16, FY21), Econsult Solutions, Inc. (2017, 2022)

It is instructive to see not only what Utilization levels are but how they sort by the geographic locations of the MWDSBEs. Hence, the two figures below (see Figure 2.7 and Figure 2.8) detail MWDSBE Utilization at different geographic levels:

- Utilization of MWDSBEs located within the city of Philadelphia
- Utilization of MWDSBEs located within the Philadelphia MSA
- Utilization of MWDSBEs located within the parts of the MSA outside of the city (i.e., the difference between MSA utilization and city utilization)
- Utilization of MWDSBEs located within the US
- Utilization of MWDSBEs located within the parts of the US outside of the MSA (i.e., the difference between US utilization and MSA utilization)

Utilization of MWDSBEs based in the City of Philadelphia remained unchanged, at 15 percent since in FY16. Utilization of city based MWDSBEs for PW contracts increased 0.4 percentage points, from 11.0 percent in FY16 to 11.4 percent in FY21. Utilization of city based MWDSBEs for SSE contracts decreased 7.8 percentage points, from 18.4 percent in FY16 to 10.6 percent in FY21. Utilization for city based MWDSBEs for PPS contracts decreased 0.2 percentage points, from 17.3 percent in FY17 to 17.1 percent currently.

² Services, Supplies and Equipment (SSE) utilization includes both citywide and departmental totals for this contract type.

Figure 2.7 FY21 Utilization in City Contracts by Geographic Location of MWDSBE

Location of MWDSBE	FY21				FY16			
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
City	11.4%	17.1%	10.6%	15.0%	11.0%	17.3%	18.4%	15.0%
In Metro but Outside City	12.2%	8.1%	2.6%	8.4%	9.6%	7.8%	4.1%	8.0%
MSA	23.5%	25.2%	13.2%	23.4%	20.7%	25.1%	22.4%	23.0%
In US but Outside Metro	6.5%	11.2%	2.0%	9.0%	4.6%	13.7%	2.0%	9.0%
US	30.0%	36.4%	15.1%	32.4%	25.2%	38.9%	24.4%	32.0%
Non-MWDSBEs	70.0%	63.6%	84.9%	67.6%	74.7%	61.1%	75.6%	68.0%
Including Quasi-Public City Contracts								
US				20.2%				30.7%
Non-MWDSBEs				79.8%				69.4%

Source: OEO Annual Participation Report (FY16, FY21), Econsult Solutions, Inc. (2017, 2022)

The dollar value of contracts awarded to city based MWDSBEs increased by \$3.9 million, from \$101.1 million in FY16 to \$105.3 million in FY21. In FY21, there was an increase of \$18.4 million in contract dollars awarded to city-located MWDSBEs for PPS contracts, a decrease of \$8.4 million awarded to city-located MWDSBEs for PW contracts, and a decrease of \$5.9 million awarded to city-located MWDSBEs for SSE contracts.

Figure 2.8 FY21 Utilization in City Contracts by Geographic Location of MWDSBE

Location of MWDSBE	FY21				FY16			
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
City	\$18.1	\$78.7	\$8.1	\$105.3	\$26.5	\$60.3	\$14.0	\$101.4
In Metro but Outside City	\$19.3	\$37.1	\$2.0	\$58.6	\$23.2	\$27.0	\$3.1	\$53.8
MSA	\$37.4	\$115.8	\$10.0	\$163.9	\$49.7	\$87.3	\$17.2	\$155.1
In US but Outside Metro	\$10.3	\$51.4	\$1.5	\$63.3	\$11.1	\$47.7	\$1.5	\$61.0
US	\$47.6	\$167.2	\$11.5	\$227.2	\$60.8	\$135.1	\$18.7	\$216.1
Non-MWDSBEs	\$111.2	\$291.8	\$64.6	\$473.1	\$179.9	\$212.5	\$57.8	\$458.3
Including Quasi-Public City Contracts								
US				\$296.9				\$303.9
Non-MWDSBEs				\$1,175.8				\$687.5

Source: OEO Annual Participation Report (FY16, FY21), Econsult Solutions, Inc. (2017, 2022)

2.3. Prime Contractor Utilization

It is also instructive to isolate MWDSBE utilization at the prime contractor level. Heretofore, MWDSBE utilization has been concerned with the distribution of dollars to MWDSBEs independent of whether they are serving in a prime contractor or sub-contractor role. By focusing on utilization of MWDSBEs as prime contractors (see Figure 2.9), this enables an understanding of the extent to which MWDSBEs are being directly selected as Primes by the City for contracts, as opposed to being on a team under a non-MWDSBE.

Figure 2.9 FY21 Prime Contractor Utilization in City Contracts

	FY21				FY16			
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
All Contracts								
# Contracts	82	677	172	1,407	120	583	260	2,029
Amount (\$M)	\$158.8	\$458.9	\$76.1	\$700.3	\$240.7	\$347.5	\$76.4	\$674.3
Avg Contract (\$M)	\$1.94	\$0.68	\$0.44	\$0.50	\$2.01	\$0.60	\$0.29	\$0.33
Primed by MWDSBE								
# Contracts	6	214	20	317	7	123	13	296
Amount (\$M)	\$11.1	\$101.5	\$10.5	\$123.9	\$5.0	\$67.8	\$2.8	\$77.1
Avg Contract (\$M)	\$1.84	\$0.47	\$0.53	\$0.39	\$0.71	\$0.55	\$0.22	\$0.26
Primed by non-MWDSBE								
# Contracts	76	463	152	1,090	113	460	247	1,733
Amount (\$M)	\$147.8	\$357.4	\$65.6	\$576.4	\$235.7	\$279.7	\$73.6	\$597.2
Avg Contract (\$M)	\$1.94	\$0.77	\$0.43	\$0.53	\$2.09	\$0.61	\$0.30	\$0.34
% of # Primed by MWDSBE	7.3%	31.6%	11.6%	22.5%	5.8%	21.1%	5.0%	14.6%
% of \$ Primed by MWDSBE	7.0%	22.1%	13.8%	17.7%	2.1%	19.5%	3.7%	11.4%
Avg Contract Size, MWDSBE (\$M)	\$1.84	\$0.47	\$0.53	\$0.39	\$0.71	\$0.55	\$0.22	\$0.26
Avg Contract Size, non-MWDSBE (\$M)	\$1.94	\$0.77	\$0.43	\$0.53	\$2.09	\$0.61	\$0.30	\$0.34

Source: OEO Annual Participation Report (FY16, FY21), Econsult Solutions, Inc. (2017, 2022)

Information from the FY21 OEO Participation Report indicates that 317 City contracts, or 22.5 percent of all City contracts, were primed by MWDSBEs, up from 296 contracts and 14.6 percent of contracts in FY16. MWDSBEs primed 31.6 percent of PPS contracts, 11.6 percent of SSE contracts, and 7.3 percent of PW contracts in FY21. These MWDSBE-primed contracts represent 17.7 percent of the aggregate dollar value of all City contracts, an increase from 11.4 percent in FY16. The average size of contracts primed by MWDSBEs increased from \$260,000 in FY16 to \$390,000 in FY21. The average size of contracts primed by non-MWDSBEs in FY21 increased to \$530,000, up from 340,000 in FY2017. Thus, there remains a gap between the average size of contracts primed by non-MWDSBEs relative to contracts primed by MWDSBEs.

2.4. Utilization by City Department

Finally, Utilization can be calculated at the individual City department level (see Figure 2.10). Since goal setting and contract award decisions are made in part at the individual City department level, it is instructive to see how MWDSBE utilization levels compare across department and across time.

In terms of MWDSBE utilization, the following 18 departments had utilization rates above that of “All City Departments” (32.9 percent):

- Office of Homeless Services (76.5%)
- Law Department (65.5%)
- Treasurer, City (60.2%)
- Commerce (58.6%)
- Managing Director's Office (57.5%)
- Mayor's Office (48.2%)
- Revenue (44.2%)
- Human Services, Department of (43.5%)
- Streets (39.3%)
- Water Department (35.3%)
- Property, Department of Public (34.7%)
- Parks and Recreation (34.2%)
- Records (33.8%)

Figure 2.10 FY21 Utilization in City Contracts by City Department

City Department	FY21 Dept Total (in \$M)	FY21 MWDSBE Total (in \$M)	FY21 MWDSBE %Utilization Actual	FY16 MWDSBE %Utilization Actual
Aviation	\$70.3	\$22.5	32.0%	29.2%
Behavioral Health & Intellectual disAbility	\$22.9	\$1.5	6.6%	13.9%
City Commissioner	\$0.0	\$0.0	0.0%	N/A
City Representative	\$0.0	\$0.0	0.0%	0.0%
Commerce	\$0.4	\$0.2	58.6%	73.4%
Community Service	\$0.0	\$0.0	0.0%	N/A
Controller, Office of	\$0.3	\$0.1	17.3%	N/A
District Attorney	\$0.4	\$0.1	23.0%	N/A
Division of Technology	\$63.7	\$18.8	29.5%	26.2%
Finance	\$21.4	\$6.1	28.5%	30.3%
Fire	\$5.8	\$0.6	10.4%	18.9%
Fleet Management	\$10.6	\$0.0	0.0%	2.7%
Health, Department of Public	\$19.9	\$6.5	32.8%	44.1%
Human Services, Department of	\$26.4	\$11.5	43.5%	30.1%
Law Department	\$4.0	\$2.6	65.5%	32.4%
Library, Free	\$1.9	\$0.3	13.4%	12.0%
Licenses and Inspections, Department of (L&I)	\$10.0	\$2.5	25.2%	24.6%
Managing Director's Office	\$7.7	\$4.4	57.5%	10.6%
Mayor's Office	\$0.4	\$0.2	48.2%	35.6%
Mayor's Office of Community Empowerment & Opportunity	\$0.6	\$0.0	4.9%	45.6%
Office of Arts and Culture	\$0.0	\$0.0	0.0%	0.0%
Office of Homeless Services	\$21.6	\$16.5	76.5%	N/A
Office of Housing & Community Development (OHCD)	\$0.0	\$0.0	0.0%	37.6%
Office of Sustainability	\$0.3	\$0.1	32.1%	N/A
Office of the Inspector General	\$0.1	\$0.0	0.0%	11.1%
Parks and Recreation	\$2.6	\$0.9	34.2%	21.0%
Pensions & Retirement	\$0.6	\$0.1	0.0%	0.8%
Personnel	\$1.7	\$0.1	0.0%	7.6%
Police	\$1.9	\$0.2	11.9%	7.9%
Prisons	\$87.8	\$28.6	32.6%	58.8%
Procurement	\$0.4	\$0.0	0.0%	71.0%
Property Assessment	\$0.0	\$0.0	0.0%	45.0%
Property, Department of Public	\$29.0	\$10.1	34.7%	51.7%
Records	\$0.9	\$0.3	33.8%	19.3%
Revenue	\$6.9	\$3.1	44.2%	25.7%
Revision of Taxes, Board of	\$0.0	\$0.0	0.0%	0.0%
Streets	\$30.7	\$12.1	39.3%	32.2%
Treasurer, City	\$6.7	\$4.0	60.2%	21.7%
Water Department	\$180.4	\$63.7	35.3%	30.1%
All Departments	\$647.6	\$219.8	33.9%	32.9%
All with Citywide SSE	\$700.4	\$227.2	32.4%	32.0%
All Departments + Citywide SSE + Quasi-Public	\$1,472.8	\$296.9	20.2%	30.7%

Source: OEO Annual Participation Report (FY16, FY21), Econsult Solutions, Inc. (2017, 2022)

3. Availability

3.1. Definition and Methodology

Availability is defined as the proportion of firms that are “ready, willing, and able” for City work that are MWDSBEs. Given the nebulous nature of what constitutes “ready, willing, and able,” some assumptions need to be made in order to arrive at an estimate of Availability.

This Core Disparity Study benefits from the existence of publicly available federal data sets that offer a detailed sense of the distribution of firms in a particular industry and in a particular geography that are owned and operated by minorities and women. These data sets include the US Census Bureau’s Survey of Business Owners, Annual Business Survey, and Annual Survey of Entrepreneurs. To proxy “ready, willing, and able,” the ESI team focused on firms with employees located in the city of Philadelphia and the Philadelphia MSA, and accounted for the following industry codes:

- Public Works (PW): NAICS 23
- Personal and Professional Services (PPS): NAICS 54, 56, and 62
- Supplies, Services, and Equipment (SSE): NAICS 23, 32, 42, 44, 48, 54, and 56

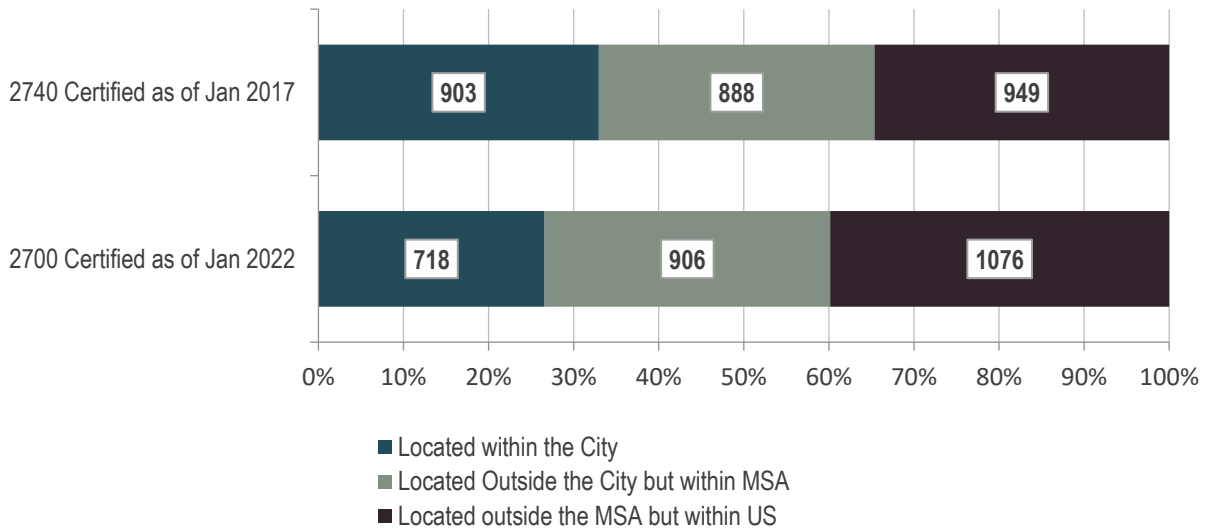
Availability can be calculated in the aggregate as well as by contract type (PW, PPS, SSE) and by MWDSBE sub-category (MBE, WBE, Disabled). For this report, Availability is estimated at the Philadelphia city and Philadelphia MSA level, which is to say that estimates are made of the proportions of available firms in the city that are MWDSBEs as well as of the proportions of available firms in the MSA that are MWDSBEs.

Availability can be difficult to estimate with precision, given how challenging it is to clearly determine if a business is ready, willing, and able to do business with the City on a particular good or service. This broad industry approach is intended to provide an overall sense of MWDSBE Availability across all City spend. Understanding Availability at a single-contract level benefits from a more industry-specific analysis and is something OEO constantly takes on when considering appropriate goal levels.

3.2. OEO Directory Composition

OEO keeps a directory of certified MWDSBEs that have registered with the City. Currently, there are 2,700 MWDSBEs in its directory (see Figures 3.1 through 3.4). Of the MWDSBE firms registered on the OEO directory, 26.6 percent are located within the city of Philadelphia, 33.6 percent are located within the MSA but outside of the city, and the remaining 39.9 percent are located outside of the MSA (see Figures 3.1 and 3.2).

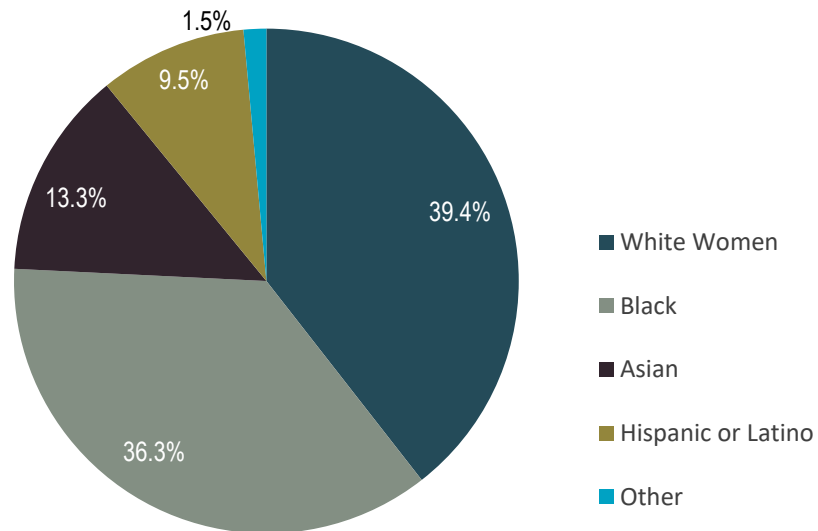
Figure 3.1 Geographic Distribution of MWDSBEs Currently in OEO Directory



Source: OEO (2017, 2022), Econsult Solutions, Inc. (2017, 2022)

As shown in Figure 3.3 below, 39.4 percent of OEO-registered firms are owned by white women while 36.3 percent of OEO-registered firms are Black-owned. Asian Americans (13.3 percent), Hispanic or Latinos (9.5 percent), and Other (1.5 percent) own the remaining 24.3 percent of firms.

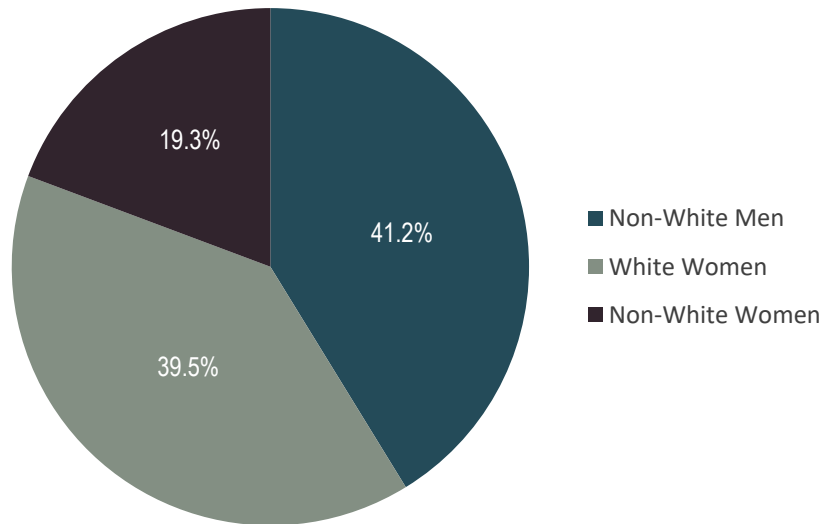
Figure 3.2 Race/Ethnicity Distribution of MWDSBEs Currently in OEO Directory



Source: OEO (2017, 2022), Econsult Solutions, Inc. (2017, 2022)

Of the MWDSBE firms registered on the OEO directory, firms owned by non-white men represent the largest portion of the firms (41.2 percent) followed by firms owned by white women (39.5 percent). Firms owned by non-white women represent 19.3 percent of the companies registered in the OEO directory (see Figure 3.4).

Figure 3.4 – Sex Distribution of MWDSBEs Currently in OEO Directory



Source: OEO (2017, 2022), Econsult Solutions, Inc. (2017, 2022)

3.3. Industry-Specific Availability

The first step in estimating Availability is analyzing publicly available federal data to understand the proportions of firms in a certain industry that are owned and operated by minorities or women. Since there is interest in understanding Availability at the Philadelphia city and Philadelphia MSA level, these estimates were calculated looking at the census of firms in the city as well as at the census of firms in the MSA. Figure 3.5 and Figure 3.6 show the estimated Availability of minority-owned and woman-owned firms for various industries as represented by two-digit NAICS codes.

Figure 3.5 Estimated Proportion of Firms with Employees in the City of Philadelphia That Are Owned and Operated by Minorities or Women, by Industry

NAICS	NAICS Description	American Indian and Alaska Native	Asian	Black	Hispanic	Minority	Women-owned
11	Agriculture	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
22	Utilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
23	Construction	2.1%	2.2%	4.8%	3.6%	12.7%	5.3%
31-33	Manufacturing	0.0%	7.8%	1.0%	1.1%	11.7%	15.4%
42	Wholesale Trade	0.0%	12.7%	1.8%	4.6%	19.6%	14.6%
44-45	Retail Trade	0.0%	33.8%	2.4%	6.1%	42.3%	14.5%
48-49	Transportation and Warehousing	0.0%	4.3%	17.3%	2.5%	24.0%	19.7%
51	Information	0.0%	5.5%	7.3%	1.2%	14.6%	2.4%
52	Finance and Insurance	0.0%	6.8%	8.9%	1.1%	18.0%	3.2%
53	Real Estate	0.0%	6.7%	1.9%	2.1%	10.6%	10.6%
54	Professional Services	0.0%	4.0%	4.4%	3.9%	12.2%	18.3%
55	Management of Companies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
56	Administrative and Support Services	0.0%	10.2%	12.2%	7.0%	28.9%	28.0%
61	Educational Services	0.0%	40.4%	5.1%	5.6%	51.5%	35.9%
62	Health Care and Social Assistance	0.2%	8.2%	14.9%	3.4%	26.0%	30.1%
71	Arts, Entertainment, and Recreation	0.0%	0.0%	1.1%	0.0%	1.1%	34.2%
72	Accommodation and Food Services	0.0%	37.7%	5.7%	4.8%	48.3%	14.3%
81	Other Services	0.0%	26.5%	8.0%	3.2%	38.0%	27.1%
Grand Total		0.1%	19.7%	6.5%	4.1%	30.6%	17.9%

Source: 2012 US Census Bureau Survey of Business Owners, Econsult Solutions, Inc. (2022)

Figure 3.6 Estimated Proportion of Firms with Employees in the Philadelphia MSA That Are Owned and Operated by Minorities or Women, by Industry

NAICS	NAICS Description	American Indian and Alaska Native	Asian	Black	Hispanic	Minority	Women-owned
11	Agriculture	0.0%	0.0%	0.0%	0.0%	0.0%	20.4%
22	Utilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
23	Construction	0.2%	0.7%	1.3%	1.6%	3.7%	10.3%
31-33	Manufacturing	0.0%	4.0%	0.2%	0.9%	5.9%	15.0%
42	Wholesale Trade	0.1%	6.9%	0.4%	1.3%	9.7%	12.9%
44-45	Retail Trade	0.0%	21.3%	1.4%	4.2%	27.0%	17.8%
48-49	Transportation and Warehousing	0.2%	2.0%	6.6%	2.0%	11.1%	13.3%
51	Information	0.0%	4.7%	1.7%	0.6%	9.6%	13.8%
52	Finance and Insurance	0.0%	3.1%	3.4%	0.5%	7.4%	8.3%
53	Real Estate	0.0%	3.1%	1.0%	1.3%	6.1%	11.4%
54	Professional Services	0.2%	8.1%	1.3%	1.2%	11.1%	18.5%
55	Management of Companies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
56	Administrative and Support Services	0.3%	4.1%	4.3%	2.8%	11.6%	19.1%
61	Educational Services	0.0%	13.8%	2.0%	1.7%	18.4%	42.5%
62	Health Care and Social Assistance	0.1%	7.8%	6.1%	2.5%	16.3%	27.2%
71	Arts, Entertainment, and Recreation	0.0%	2.0%	1.0%	0.2%	3.2%	23.9%
72	Accommodation and Food Services	0.0%	25.9%	2.1%	4.3%	33.2%	13.7%
81	Other Services	0.1%	15.6%	3.1%	2.7%	21.5%	28.9%
Grand Total		0.1%	10.1%	2.4%	2.3%	15.1%	17.8%

Source: 2012 US Census Bureau Survey of Business Owners, Econsult Solutions, Inc. (2022)

3.4. Distribution of City Spend by Industry

The second step in estimating Availability is seeing how City spend sorts into various industries. This allows the previous industry-specific Availability estimates to be rolled up to an aggregate Availability estimate by weighting each industry according to what proportion of City spend it represents. These weightings are shown in Figure 3.7.

Figure 3.7 Distribution of FY21 City Spend by Industry

NAICS	NAICS Description	PW	PPS	SSE	Grand Total
11	Forestry, fishing & hunting, & agricultural support services	0.0%	0.0%	0.0%	0.0%
21	Mining, quarrying, and oil and gas extraction	0.0%	0.0%	0.0%	0.0%
22	Utilities	0.0%	0.0%	0.0%	0.0%
23	Construction	100.0%	0.0%	15.3%	24.4%
31-33	Manufacturing	0.0%	0.0%	0.5%	0.1%
42	Wholesale trade	0.0%	0.0%	48.7%	5.6%
44-45	Retail trade	0.0%	0.0%	1.6%	0.2%
48-49	Transportation and Warehousing	0.0%	0.0%	0.0%	0.0%
51	Information	0.0%	0.0%	0.0%	0.0%
52	Finance and Insurance	0.0%	0.0%	0.0%	0.0%
53	Real estate & rental & leasing	0.0%	0.0%	0.0%	0.0%
54	Professional, scientific, and technical services	0.0%	89.2%	0.1%	59.0%
55	Management of Companies	0.0%	0.0%	0.0%	0.0%
56	Administrative and support and waste management & remediation services	0.0%	0.1%	33.9%	3.8%
61	Educational Services	0.0%	0.0%	0.0%	0.0%
62	Health care and social assistance	0.0%	10.7%	0.0%	7.0%
71	Arts, entertainment & recreation	0.0%	0.0%	0.0%	0.0%
72	Accommodation and food services	0.0%	0.0%	0.0%	0.0%
81	Other services	0.0%	0.0%	0.0%	0.0%
Total		100%	100%	100%	100%

Source: OEO Annual Participation Report (FY16, FY21), Econsult Solutions, Inc. (2017, 2022)

City spending in FY21 was broken out by two-digit NAICS codes for each contract type. The concentration of spending varies by contract type. This fiscal year, all PW contract spending was in

NAICS 23-Construction, while 89.2 percent of PPS contract spending was in NAICS 54-Professional, Scientific, and Technical Services. SSE spending was slightly more diversified across NAICS categories, but still allocated 48.7 percent of total spending to NAICS 42-Wholesale Trade and 33.9 percent to NAICS 56-Administrative, support, and waste management and remediation services. Overall, the majority of City spending occurred in NAICS 54-Professional, Scientific, and Technical Services (59.0 percent) and in NAICS 23-Construction (24.4 percent).

3.5. City and MSA Availability

The third and final step in estimating Availability is using applying the weightings in Section 3.4 to the industry-specific Availability estimates in Section 3.3. As noted, this was done to estimate Availability at the Philadelphia city and Philadelphia MSA level, which is to say what proportion of “ready, willing, and able” firms in the city that are MWDSBEs (see Figure 3.8) as well as the proportion in the MSA that are MWDSBEs (see Figure 3.9).

Figure 3.8 Estimated FY21 Availability of MWDSBEs in the City of Philadelphia

MWDSBE Category		FY21				FY16			
		PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
White	Women	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Native American	Men & Women	2.1%	0.0%	0.3%	0.5%	1.2%	0.1%	0.2%	0.6%
Asian American	Men & Women	2.2%	4.5%	10.5%	4.6%	2.8%	8.0%	11.1%	6.2%
Black	Men & Women	4.8%	5.5%	5.8%	5.4%	4.4%	5.6%	2.9%	4.8%
Hispanic	Men & Women	3.6%	3.8%	5.3%	4.0%	3.5%	3.3%	3.6%	3.4%
All MBE	Men & Women	12.7%	13.7%	22.0%	14.4%	15.4%	20.4%	21.9%	18.5%
All WBE	Women	5.3%	19.6%	17.7%	16.1%	10.1%	17.4%	14.0%	14.0%
Disabled	Men & Women	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
All MWDSBE	Men & Women	18.0%	33.3%	39.7%	30.5%	25.6%	37.8%	35.9%	32.4%

Source: 2012 US Census Bureau Survey of Business Owners, Econsult Solutions, Inc. (2022)

Figure 3.9 Estimated FY21 Availability of MWDSBEs in the Philadelphia MSA

MWDSBE Category		FY21				FY16			
		PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
White	Women	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Native American	Men & Women	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%
Asian American	Men & Women	0.7%	8.1%	5.2%	6.1%	3.6%	7.9%	6.5%	5.9%
Black	Men & Women	1.3%	1.8%	1.9%	1.7%	1.2%	1.9%	0.9%	1.5%
Hispanic	Men & Women	1.6%	1.4%	1.9%	1.5%	1.4%	1.5%	1.4%	1.4%
All MBE	Men & Women	3.7%	11.7%	9.7%	9.6%	7.8%	13.2%	10.9%	10.6%
All WBE	Women	10.3%	19.4%	14.7%	16.8%	13.0%	18.7%	13.7%	15.7%
Disabled	Men & Women	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
All MWDSBE	Men & Women	14.0%	31.1%	24.4%	26.5%	20.8%	31.8%	24.6%	26.3%

Source: 2012 US Census Bureau Survey of Business Owners, Econsult Solutions, Inc. (2022)

MWDSBEs represented 26.5 percent of “ready, willing, and able” firms within the Philadelphia MSA, up 0.2percentage points from 26.3 percent in FY16. From FY16 to FY21, there was a decrease of 6.8 percentage points in availability for PW contracts, a decrease of 0.7 percentage points in availability for PPS contracts, and a decrease of 0.2 percentage points in availability for SSE contracts (see Table 3.9).³ “Ready, willing, and able” is assumed to mean firms with one or more employees in industry codes for which the City contracts for goods and services. The change from FY16 to FY21 reflects not a change in availability at the individual product or service level, but rather a change in the composition of products and services procured by the City.

³ “All Contract Types” includes MPO and SOP Availability although only PW, PPS, and SSE Availability is displayed.

4. Disparity, Recommendations

4.1. Definition and Methodology

Disparity is defined as Utilization divided by Availability, where a Disparity Ratio of greater than one means Utilization is greater than Availability and a Disparity Ratio of less than one means Utilization is less than Availability. Having estimated Utilization and Availability in the aggregate as well as by contract type and MWDSBE sub-category, those estimates can then be used to calculate Disparity Ratios in the aggregate as well as by contract type and MWDSBE sub-category.

4.2. Overall Disparity Ratios

Figure 4.1 and Figure 4.2 show Disparity Ratios in the aggregate as well as by contract type and MWDSBE sub-category. Figure 4.1 represents Utilization of MWDSBEs in the Philadelphia MSA, relative to Availability of MWDSBEs in the Philadelphia MSA. Figure 4.2 represents Utilization of MWDSBEs in the city of Philadelphia, relative to Availability of MWDSBEs in the city of Philadelphia.

Figure 4.1 Estimated FY21 Disparity Ratios at the Philadelphia MSA Level

MWDSBE Category	FY21				FY16			
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
White Women	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Native American	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Asian American	1.34	0.36	0.03	0.35	3.38	0.2	0	0.33
Black	5.08	8.53	3.18	7.28	4.99	10.81	0.95	7.09
Hispanic	4.12	0.75	0.06	1.48	1.57	1.76	0.05	1.39
All MBE	3.79	1.69	0.65	1.75	2.18	1.66	0.22	1.53
All WBE	1.22	0.45	0.48	0.56	0.98	0.48	1.13	0.70
Disabled	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
All MWDSBE	1.68	0.81	0.54	0.88	1.27	0.80	0.71	0.90

Source: OEO Annual Participation Report (FY16, FY21), 2012 US Census Bureau Survey of Business Owners, Econsult Solutions, Inc. (2022)

Figure 4.2 Estimated FY21 Disparity Ratios at the City of Philadelphia Level

MWDSBE Category	FY21				FY16			
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
White Women	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Native American	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Asian American	0.45	0.00	0.00	0.05	1.01	0.04	0	0.2
Black	0.28	2.43	0.95	1.81	0.62	2.94	0.23	1.69
Hispanic	1.65	0.23	0.01	0.49	0.42	0.56	0.02	0.43
All MBE	0.65	1.05	0.25	0.83	0.41	0.99	0.07	0.63
All WBE	1.13	0.26	0.29	0.33	1.15	0.23	0.75	0.44
Disabled	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
All MWDSBE	0.63	0.52	0.27	0.49	0.54	0.49	0.35	0.48

Source: OEO Annual Participation Report (FY16, FY21), 2012 US Census Bureau Survey of Business Owners, Econsult Solutions, Inc. (2022)

The Disparity Ratio calculations are based on Utilization and Availability data sources that look at firm and industry concentrations within Philadelphia MSA and the city.

At the Philadelphia MSA level, the Disparity Ratios indicate some areas of under-utilization as well as pockets of over-utilization. Most notably, there is over-utilization for MBEs within the PW, PPS, and all contract type categories. There is also over-utilization for MBEs, WBEs, and all MWDSBEs for PW contracts. Conversely, for PPS, SSE, and all contract types, WBE and MWDSBE firms are underutilized.

WBE firms realized a decrease in the disparity ratio for all contracts from 0.70 in FY16 to 0.56 in FY21. The all MWDSBE ratio decreased from 0.90 in FY16 to 0.88 in FY21 (see Table 4.2).

MWDSBEs represented 30.5 percent of all firms located within the city but received only 15 percent of City contracts, for a Disparity Ratio of 0.49. The FY21 data shows that there are small pockets of over-utilization of MWDSBEs located in the city but that the disparity ratios for all MWDSBEs across all categories shows that MWDSBE firms are still under-utilized in City procurements (see Table 4.1).

It is important to note that disparity ratios for MWDSBE firms in the city are much lower than those in the MSA due to the fact that MWDSBE availability as a percentage of all firms at the city-level is much higher than the MSA as a whole. The City of Philadelphia is not limited to purchasing goods and services strictly from vendors located in the city; however, city-based vendors could provide a lot of the goods and services the city does procure. Therefore, availability at the city level strengthens the case for stretch goals for overall utilization.

4.3. Disparity Ratios by MWDSBE Sub-Category

Figure 4.3 through Figure 4.10 show more detailed information on Disparity Ratios for each MWDSBE sub-category. All of these figures are concerned with Utilization of MWDSBEs in the Philadelphia MSA, relative to Availability of MWDSBEs in the Philadelphia MSA.

Figure 4.3 Estimated FY21 Black Disparity Ratios at the Philadelphia MSA Level

	FY21				FY16			
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
Utilization	6.5%	15.7%	6.0%	12.5%	6.0%	16.3%	2.8%	10.9%
Availability	1.3%	1.8%	1.9%	1.7%	1.2%	1.5%	2.9%	1.5%
Disparity	5.08	8.53	3.18	7.28	4.99	10.81	0.95	7.09

Source: OEO Annual Participation Report (FY16, FY21), 2012 US Census Bureau Survey of Business Owners, Econsult Solutions, Inc. (2022)

Figure 4.4 Estimated FY21 Asian Disparity Ratios at the Philadelphia MSA Level

	FY21				FY16			
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
Utilization	1.0%	2.9%	0.2%	2.1%	2.3%	1.7%	0.0%	1.7%
Availability	0.7%	8.1%	5.2%	6.1%	0.7%	8.1%	5.6%	5.1%
Disparity	1.34	0.36	0.03	0.35	3.38	0.20	0.00	0.33

Source: OEO Annual Participation Report (FY16, FY21), 2012 US Census Bureau Survey of Business Owners, Econsult Solutions, Inc. (2022)

Figure 4.5 Estimated FY21 Hispanic Disparity Ratios at the Philadelphia MSA Level

	FY21				FY16			
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
Utilization	6.6%	1.0%	0.1%	2.2%	2.4%	2.3%	0.1%	2.0%
Availability	1.6%	1.4%	1.9%	1.5%	1.5%	1.3%	2.3%	1.5%
Disparity	4.12	0.75	0.06	1.48	1.57	1.76	0.05	1.39

Source: OEO Annual Participation Report (FY16, FY21), 2012 US Census Bureau Survey of Business Owners, Econsult Solutions, Inc. (2022)

Figure 4.6 Estimated FY21 Native American Disparity Ratios at the Philadelphia MSA Level

	FY21				FY16			
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
Utilization	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Availability	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Disparity	0	0	0	0	0	0	0	0

Source: OEO Annual Participation Report (FY16, FY21), 2012 US Census Bureau Survey of Business Owners, Econsult Solutions, Inc. (2022)

Figure 4.7 Estimated FY21 MBE Disparity Ratios at the Philadelphia MSA Level

	FY21				FY16			
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
Utilization	14.0%	19.7%	6.3%	16.9%	10.9%	20.9%	2.9%	15.0%
Availability	3.7%	11.7%	9.7%	9.6%	5.0%	12.6%	13.6%	9.8%
Disparity	3.79	1.69	0.65	1.75	2.18	1.66	0.22	1.53

Source: OEO Annual Participation Report (FY16, FY21), 2012 US Census Bureau Survey of Business Owners, Econsult Solutions, Inc. (2022)

Figure 4.8 Estimated FY21 White Women Disparity Ratios at the Philadelphia MSA Level

	FY21				FY16			
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
Utilization	9.5%	5.4%	6.9%	6.5%	9.8%	4.3%	19.5%	8.0%
Availability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Disparity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: OEO Annual Participation Report (FY16, FY21), 2012 US Census Bureau Survey of Business Owners, Econsult Solutions, Inc. (2022)

Figure 4.9 Estimated FY21 WBE Disparity Ratios at the Philadelphia MSA Level

	FY21				FY16			
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
Utilization	12.6%	8.8%	7.0%	9.4%	10.9%	9.0%	20.6%	11.0%
Availability	10.3%	19.4%	14.7%	16.8%	11.2%	18.8%	18.1%	15.8%
Disparity	1.22	0.45	0.48	0.56	0.98	0.48	1.13	0.70

Source: OEO Annual Participation Report (FY16, FY21), 2012 US Census Bureau Survey of Business Owners, Econsult Solutions, Inc. (2022)

Figure 4.10 Estimated FY21 MWDSBE Disparity Ratios at the Philadelphia MSA Level

	FY21				FY16			
	PW	PPS	SSE	All Contract Types	PW	PPS	SSE	All Contract Types
Utilization	23.5%	25.2%	13.2%	23.4%	20.6%	25.1%	22.4%	23.0%
Availability	14.0%	31.1%	24.4%	26.5%	16.2%	31.4%	31.7%	25.6%
Disparity	1.68	0.81	0.54	0.88	1.27	0.80	0.71	0.90

Source: OEO Annual Participation Report (FY16, FY21), 2012 US Census Bureau Survey of Business Owners, Econsult Solutions, Inc. (2022)

As shown in Table 4.10, the disparity ratio decreased from 0.90 in FY16 to 0.88 in FY21 (MSA utilization of 23.4 percent vs. MSA availability of 26.5 percent). An overall disparity ratio of less than 1.0 means that MWDSBE utilization is not in parity with MWDSBE availability. Although the disparity ratio is over 1.0 for PW contracts, the disparity ratios for PPS and SSE contracts remain under 1.0.

4.4. Recommended Participation Goals

The analysis of Utilization and Availability in this report informs the recommended Participation Goals the City should consider at a citywide, contract type, and MWDSBE sub-category level, which in turn should inform goal setting at the individual contract level. Specifically, in setting Participation Goal levels, the City should be governed by the following pieces of information:

- Where Utilization was higher than Availability based on FY21 estimates, current Utilization levels should serve as the Participation Goal level to aspire to.
- Where Utilization was lower than Availability based on FY21 estimates, current Availability levels should serve as the Participation Goal level to aspire to.

This approach is reflective in Figure 4.11 below. Actual Utilization levels are provided for FY21, as well as FY16 for comparison purposes. Each box below reflects the recommended Participation Goal and includes a prefix of “U” or “A,” the former representing that the recommended Participation Goal is based on FY21 Utilization and the latter representing that the recommended Participation Goal is based on FY21 Availability. This yields a set of recommended Participation Goals by contract type and MWDSBE sub-category level.

Figure 4.11 Recommended Citywide Participation Goals for City Contracts and Quasi Public Contracts (Excluding Federally Funded City Contracts), by \$ Contracts Awarded

MWDSBE Category	PW	PPS	SSE	All Contract Types	FY16/FY21 Actual
White Women	10.7% U	8.6% U	7.0% U	8.9% U	FY16: 12.4% FY21: 8.9%
Native American	0.2% A	0.2% A	0.2% A	0.2% A	FY16: 0.0% FY21: 0.0%
Asian American	3.8% U	8.1% A	5.2% A	6.1% A	FY16: 3.2% FY21: 5.1%
Black	8.9% U	19.2% U	6.0% U	15.3% U	FY16: 13.1% FY21:15.3%
Hispanic	6.6% U	2.1% U	1.9% A	2.9% U	FY16: 2.4% FY21 2.9%:
All MBE	19.3% U	27.6% U	9.7% A	23.4% U	FY16: 20.0% FY21: 23.4%
All WBE	13.7% U	19.4% A	14.7% A	16.8% A	FY16: 13.2% FY21: 12.9%
City-Based MWDSBE	11.4% U	17.1% U	10.6% U	15.0% U	FY16: 15.0% FY21:15.0%
All MWDSBE	30.0% U	36.4% U	24.4% A	32.4% U	FY16: 30.7% FY21: 32.4%
FY16/FY21 Actual	FY16: 25.3%	FY16: 38.9%	FY16: 31.7%	FY16: 30.7%	
	FY21: 30.0%	FY21: 36.4%	FY21: 15.1%	FY21:32.4%	

Source: Econsult Solutions, Inc. (2016)

The overall recommended Participation Goal is 32.4 percent. In recent years, annual Disparity Studies (including those produced by the ESI team for FY16, FY17, and FY18) have recommended a “stretch” goal of 35 percent, which has been a few percentage points above both contemporary Utilization and Availability, and which may be justified insofar as true Availability may be this high, if city compositions of MWDSBE firms relative to all firms are given greater weight. It is left for OEO to determine whether it desires to consider such a “stretch” goal going forward.

These recommended Participation Goals reflect a top-down approach to goal setting, which is to say employing estimates of Utilization and Availability for all City spending or for major sub-categories of it (e.g., by contract type, for specific MWDSBE categories). They are, therefore, of use when thinking about the City's Goals at those altitudes. This will necessarily need to be supplemented with more industry-specific and contract-specific substantiation when considering goals for individual contracts for goods and services procured by the City. Since the City's procurement needs are quite varied, it is helpful to overall goal levels, but it is important to remember that appropriate goal levels for specific spending may in some cases be far higher and in other cases far lower. Hence, OEO's objective is to both establish what are appropriate overall Participation Goals, based on the analyses contained in this report, and what are appropriate Participation Goals for each contract, based on additional industry-specific information.

5. Appendix

5.1. About Econsult Solutions, Inc.

This report was produced by Econsult Solutions, Inc. (“ESI”). ESI is a Philadelphia-based economic consulting firm that provides businesses and public policy makers with economic consulting services in urban economics, real estate economics, transportation, public infrastructure, development, public policy and finance, community and neighborhood development, planning, as well as expert witness services for litigation support. Its principals are nationally recognized experts in urban development, real estate, government and public policy, planning, transportation, non-profit management, business strategy and administration, as well as litigation and commercial damages. Staff members have outstanding professional and academic credentials, including active positions at the university level, wide experience at the highest levels of the public policy process and extensive consulting experience.

5.2. About Milligan Consulting

Milligan Consulting (Milligan) is a Limited Liability Corporation (LLC), which was initially established under Milligan & Company as a sole proprietorship in 1987 in Philadelphia County, Pennsylvania. Milligan & Company is a minority and veteran-owned firm which became a Pennsylvania LLC in 1999 as a regional full-service Consulting and Certified Public Accounting firm. The firm is currently in its 34th year of business. In 2021, the consulting practice was established as a separate entity from the accounting practice to become Milligan Consulting with fifteen existing employees and continues to be controlled by Principals, M. Denise Bailey, John Milligan, and Diane King. The firm is headquartered in Philadelphia, PA and serves clients nationally. Over the past thirty years, Milligan has developed highly-specialized niche practices in the areas of: Civil Rights Program Oversight (including DBE, Equal Employment Opportunity (EEO), Americans with Disabilities Act (ADA), and Title VI); Management, and Training; Transportation Oversight and Compliance; and Economic Development Consulting.



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