

# Inclusion falls short

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## Study reports slight dip in city contracts, which fell below a 20 to 25 percent range



African-American firms captured 10 percent of the total number of city contracts made to minority firms, up from 9.6 percent the previous year. The most recent figures for Asians were 1.7 percent and 1.7 percent for Hispanics, a slight drop in both cases. The drop concerned Councilman W. Wilson Goode Jr., who has been pushing for more minority participation through a series of legislative efforts, but he noted that he saw more hope in the document than cause for concern. — TRIBUNE FILE PHOTO

Minority participation in city contracts was down slightly across the board in fiscal year 2008, according to a recent report.

Participation numbers dropped to 18.1 percent in fiscal year 2008 — which ended July 1 — from 20.8 percent in 2007, according to statistics compiled for the city by a consulting company called Econsult Corporation.

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The drop concerned Councilman W. Wilson Goode Jr., who has been pushing for more minority participation through a series of legislative efforts, but he noted that he saw more hope in the document than cause for concern.

“It is only a statistical drop. I’m not sure it’s a meaningful drop,” he said. “That could literally be one contract.”

More important, he said, was that participation had increased significantly since data tracking started in 1998.

“The numbers have greatly increased since the time I took office,” he said.

Econsult analyzed 2,400 city contracts totaling \$760 million in spending. Of that total, 10 disadvantaged businesses — a category that includes minority-, disabled- and women-owned businesses — were listed as prime contractors in city contracts; that figure represented 0.4 percent of all contracts. As subcontractors, DBEs fared better with 424 companies serving as subcontractors, approximately 17.6 percent of the total.

The overall city goal is ranged between 20 and 25 percent.

Goode pointed to a growing pool of DBEs as an indicator that participation numbers would improve.

“They’re only using a pool of roughly 1,200 certified firms,” he said. “Because those are the firms that have been certified under their current

process. Under a proposed new process, the administration would accept other certifications that will eventually broaden that pool to up to 16,000 businesses. If there is a wider pool to draw from, there will be greater participation.”

According to Econsult, there were 1,215 certified businesses in the city in 2007. By January 2009, that number had risen to 1,329.

The study was the first conducted by the Office of Economic Opportunity, which replaced the Minority Business Enterprise Council under Mayor Michael Nutter.

It measured participation among African Americans, Asians, Hispanics, the disabled and American Indians, following their roles in contracts in public works projects, professional services and services and equipment supplies greater than \$25,000.

In terms of percentage, the top three departments to include disadvantaged businesses in their contracts were: the Department of Public Property, the Board of Revision of Taxes and the treasurer’s office spending 90.3, 58.3 and 50 percent respectively.

In monetary terms, the aviation department spent the most at \$170.3 million; followed by the water department at \$104.72 million.

Econsult noted that the dip was the second in available data since the city started tracking minority- and women-owned business participation rates in 1998.

Between 1998 and 2003, minority- and women-owned businesses captured just 4.5 percent of city contracts. That jumped to a total of 18.1 percent in 2006 and then fell back to 17.7 in 2007.

Goode, referring to the overall DBE goals of 20 to 25 percent, said he was “disappointed that the administration has not taken it to the next level yet.”

Nutter could not be reached for comment on Thursday afternoon.

The mayor has made minority participation a priority of his administration and a strategic plan intended to map his strategy is expected out by the end of the year.

The plan has been in the works for more than year. When completed, it will set the baseline for improvement, said Kevin Dow, interim chief operating officer of the Office of Economic Opportunity in a recent interview with the Tribune.

“We need to set the base line,” he said.

In addition to the strategic plan, disparity studies like the Econsult study will now be published annually.

In addition to tracking 2008 participation goals, the report laid out a series of recommendations for 2010. Among its recommendations: holding departments accountable for their numbers, remaining flexible in their approach to doing business with DBEs and increased availability.

“It is important, particularly during a time of economic challenge, that participation goals stretch beyond historical performance,” noted the study’s authors.

Boosting minority participation has long been a goal among City Council members but enforcing them has been notoriously difficult. Council and the administration butted heads for several years with union officials over participation goals at the Pennsylvania Convention Center.

In December 2007, council developed inclusion goals for the center’s expansion project of 20 percent for African Americans, 10 percent for Hispanics, 5 percent for Asians and 15 percent for female contractors.

According to a PCCA report on the center’s two main contracts, minority-owned businesses account for 13 percent of Convention Center contracts, women-owned businesses for 12 percent of contract one and 13 percent and 12 percent respectively for contract two.

City officials have also wrestled with goals for projects involving federal stimulus money. To date, approximately 18 percent of those contracts involved disadvantaged businesses.