

# Harrisburg Disparity Study for the City of Harrisburg

Date: October 31, 2022

Submitted to City of Harrisburg and Impact Harrisburg





# Executive Summary

## Report Purpose

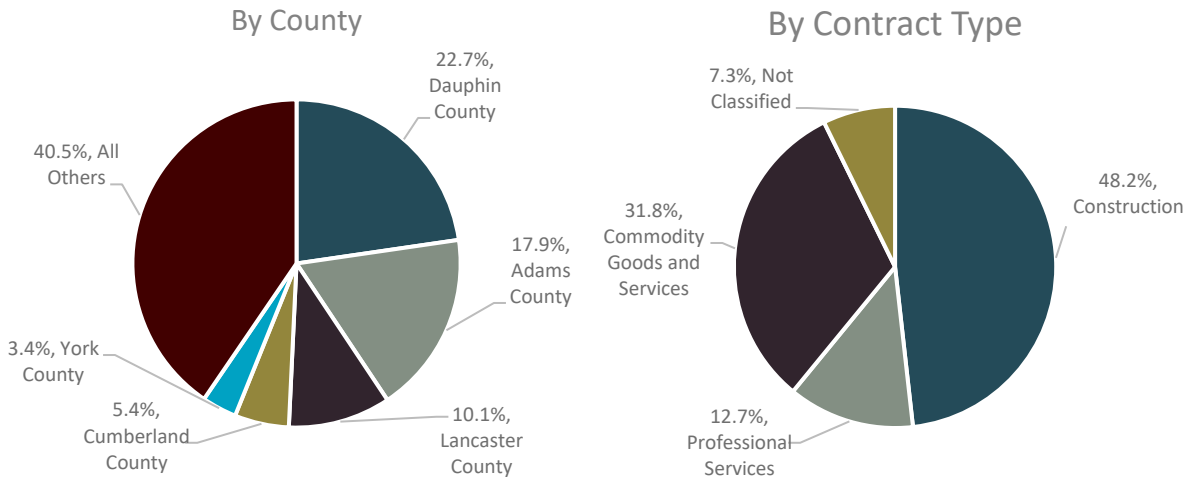
The City of Harrisburg and Impact Harrisburg commissioned this Disparity Study, funded by the City and Impact as well as by Dauphin County and produced by a consulting team that consisted of Econsult Solutions, Inc., Milligan Consulting, LLC, and the Winston/Terrell Group (collectively “the ESI team”). This Disparity Study has three main purposes:

1. To provide a baseline understanding of the City’s utilization of minority-owned businesses, woman-owned businesses, and other disadvantaged business categories, relative to their availability in the marketplace of vendors the City has to choose from when procuring various goods and services.
2. To substantiate any appropriate race- and gender-specific contract participation goals and programmatic remedies to guide the City’s efforts to ensure equitable access for diverse businesses to the economic opportunities represented by the goods and services the City procures.
3. To inform policy, programmatic, and analysis actions that the City can take going forward to improve its understanding of and performance in supplier diversity.

## Historical Spend

In this report, the ESI team looked at the roughly \$150 million spent by the City from FY 2017 to FY 2021. About 60 percent of that spend went to firms located in the region defined by Dauphin, Adams, Lancaster, Cumberland, and York counties (see Figure ES.1).

Figure ES.1 – Distribution of FY 2017 to FY 2021 City of Harrisburg Spend, by Business Location of Vendor and by Contract Type



### Availability, Utilization, and Disparity

An important component of a Disparity Study is comparing Utilization with Availability. Utilization is the proportion of the City’s spend that goes to various diverse supplier categories, which was estimated for the City by analyzing historical spend data (see Figure ES.2 and Figure ES.3). Availability is the proportion of firms a jurisdiction can do business with that are of a diverse supplier category, which was estimated for the City through a combination of a direct survey of businesses in the region and a review of publicly available federal business census data (see Figure ES.4).

Figure ES.2 – Estimated Utilization of DIVBEs Based in the US in FY 2017 to FY 2021 City of Harrisburg Government Spend, by DIVBE Category and Contract Type<sup>1</sup>

	<b>Construction</b>	<b>Professional Services</b>	<b>Commodity Goods and Services</b>	<b>All Spend<sup>2</sup></b>
MBE <sup>3</sup>	0.12%	2.03%	11.93%	4.07%
Black	N/A	N/A	N/A	N/A
Hispanic	N/A	N/A	N/A	N/A
Asian	N/A	N/A	N/A	N/A
WBE	0.06%	7.32%	3.77%	1.98%
VBE	N/A	N/A	N/A	N/A
LGBTBE	N/A	N/A	N/A	N/A
DIVBE <sup>4</sup>	1.89%	10.20%	16.02%	7.02%

<sup>1</sup> A more detailed version of this table can be found in Appendix H

<sup>2</sup> the total includes the very small subset of contracts that could not be classified into the three main contract types.

<sup>3</sup> “MBE” may be more than the sum of MBE sub-categories, because in many cases MBE counts are known but what race/ethnicity those MBEs are is unknown.

<sup>4</sup> “DIVBE” may be more than the sum of DIVBE sub-categories, because in many cases DIVBE counts are known without knowing what certification those businesses are.

Figure ES.3 – Estimated Utilization of DIVBEs Based in the 5-County Region in FY 2017 to FY 2021<sup>5,6</sup>

	Construction	Professional Services	Commodity Goods and Services	All Spend <sup>7</sup>
MBE <sup>8</sup>	0.12%	-	11.93%	3.87%
Black	N/A	N/A	N/A	N/A
Hispanic	N/A	N/A	N/A	N/A
Asian	N/A	N/A	N/A	N/A
WBE	0.00%	5.85%	0.47%	0.74%
VBE	N/A	N/A	N/A	N/A
LGBTBE	N/A	N/A	N/A	N/A
DIVBE <sup>9</sup>	1.73%	6.13%	12.71%	5.47%

Figure ES.4 – Estimated DIVBE Availability for FY 2017 to FY 2021 City of Harrisburg Government Spend by DIVBE Category and Contract Type, Based on Custom Census of Relevant Businesses and Publicly Available Data in US Census Bureau in 5-County Region

	Construction	Professional Services	Commodity Goods and Services	All Spend
Black	10%	15%	10%	12%
Hispanic	3%	5%	1%	3%
Asian	1%	5%	6%	5%
Minority	15%	25%	15%	20%
Women	10%	20%	20%	15%
Veteran	N/A	N/A	N/A	N/A
LGBT	N/A	N/A	N/A	N/A
Diverse <sup>10</sup>	20%	35%	35%	30%

<sup>5,6</sup> A more detailed version of this table can be found in Appendix H

<sup>7</sup> the total includes the very small subset of contracts that could not be classified into the three main contract types.

<sup>8</sup> “MBE” may be more than the sum of MBE sub-categories, because in many cases MBE counts are known but what race/ethnicity those MBEs are is unknown.

<sup>9</sup> “DIVBE” may be more than the sum of DIVBE sub-categories, because in many cases DIVBE counts are known without knowing what certification those businesses are.

<sup>10</sup> “Diverse” may be more than the sum of DIVBE sub-categories, because in many cases DIVBE counts are known without knowing what certification those businesses are.

A Disparity Ratio is Utilization divided by Availability, so if Utilization is less than Availability, then that yields a Disparity Ratio of less than one, which is considered under-utilization. It is estimated that, across all diverse supplier categories and contract types, the City has Disparity Ratios of far less than 1, suggesting significant under-utilization (see Figure ES.5).

Figure ES.5 – Estimated DIVBE Disparity Ratios for FY 2017 to FY 2021 City of Harrisburg Government Spend (I.e., Utilization Divided by Availability)

	<b>Construction</b>	<b>Professional Services</b>	<b>Commodity Goods and Services</b>	<b>All Spend</b>
Minority	0.01	-	0.80	0.19
Women	0.01	0.36	0.15	0.11
Diverse <sup>11</sup>	0.09	0.18	0.36	0.18

## Additional Explorations

Utilization lagging Availability seems to warrant the use of race- and gender-specific goals to remedy this estimated under-utilization. Additionally, this Disparity Study took three additional steps to substantiate the need for race- and gender-specific remedies, all related to determining whether disparities exist that hinder disadvantaged groups from business formation, business growth, and capacity building in the first place:

1. A business formation analysis of the region indicates that, even after controlling for other potentially explanatory influences, disadvantaged groups have lower self-employment rates.
2. A capital access analysis at the national and regional level suggests that disadvantaged groups have disparate access to home and business capital and other related negative outcomes.
3. Anecdotal evidence collection provided additional insights into the challenges that disadvantaged groups face in growing their businesses and in doing business with the City.

## Recommendations

These preliminary estimates for Utilization and Availability, combined with other analyses and primary research efforts, serve as the basis for an initial set of recommended Utilization goals (see Figure ES.6). The City can use these as a starting point for setting goals at a citywide, department-level, and individual contract, and then adjusting them over time in response to performance results and more analysis.

---

<sup>11</sup> “Diverse” does not include Veteran or LGBT because such counts are either unavailable or cannot be untangled from Minority and Women counts.

Figure ES.6 – Recommended Utilization Goals for City of Harrisburg

	<b>Construction</b>	<b>Professional Services</b>	<b>Commodity Goods and Services</b>	<b>All Spend</b>
Black	7%	11%	9%	10%
Hispanic	2%	3%	1%	2%
Asian	1%	3%	4%	3%
Minority	10%	17%	14%	15%
Women	6%	15%	13%	10%
All Diverse Businesses	13%	25%	25%	20%

### Programmatic Recommendations

The following programmatic recommendations are advanced in response to the insights gleaned throughout this engagement, and for the purpose of helping the City achieve the participation goals listed above (see Figure ES.7).

Figure ES.7 – Programmatic Recommendations

<b>Transparency/Technology</b> <ul style="list-style-type: none"> <li>• Citywide data tracking</li> <li>• Allow “certifiable” designations</li> <li>• Unified diverse supplier directory</li> <li>• Public and interactive version of Disparity Study</li> <li>• Immediate connection with recently certified firms</li> </ul>	<b>Business Outreach/Marketing</b> <ul style="list-style-type: none"> <li>• Encourage and support certification</li> <li>• Infrastructure for ongoing communications</li> <li>• Outlets for in-person engagement</li> <li>• Supplemental engagement on remote platforms</li> </ul>
<b>Technical Assistance</b> <ul style="list-style-type: none"> <li>• Connect diverse suppliers into service contract opportunities</li> <li>• More pre-bid meetings</li> <li>• Unbundle larger contracts into smaller opportunities</li> <li>• Feedback opportunities for bidders who don’t win</li> <li>• Forums on the procurement process</li> <li>• Website resources for diverse suppliers</li> </ul>	<b>Increase Capacity</b> <ul style="list-style-type: none"> <li>• Direct engagement opportunities with department heads</li> <li>• Co-host networking functions with business advocacy groups</li> <li>• Streamline and promote the certification process</li> </ul>



# Table of Contents

Report Purpose .....	3
Historical Spend .....	3
Availability, Utilization, and Disparity .....	4
Additional Explorations.....	7
Recommendations .....	7
Programmatic Recommendations .....	8
1. Introduction .....	13
1.1. Report Purpose .....	13
1.2. Local Context.....	13
1.3. Legal Background.....	14
1.4. Report Structure .....	14
2. Methodology.....	16
2.1. Kickoff Meeting and Other Client/Consultant Communication Channels .....	16
2.2. Data Collection.....	16
2.3. Primary Research .....	17
2.4. Relevant Geography.....	18
2.5. Taxonomy of Spend .....	20
2.6. Calculating Utilization .....	21
2.7. Multiple Methods for Estimating Availability .....	22
2.8. Calculating Disparity .....	23
2.9. Anecdotal Evidence Collection; Internal Review .....	24
2.10. Business Formation; Capital Access Analysis .....	24
3. Availability.....	26
3.1. Overview .....	26
3.2. Availability Per Custom Census.....	26
3.3. Availability Per Federal Sources.....	28
3.4. Consolidated Availability Estimate.....	30

4.	Utilization and Disparity.....	32
4.1.	Overview .....	32
4.2.	Utilization.....	33
4.3.	Disparity.....	34
4.4.	Implications.....	35
5.	Adjacent Analyses .....	37
5.1.	Overview .....	37
5.2.	Business Formation Analysis.....	37
5.3.	Capital Access Analysis.....	39
5.4.	Implications.....	41
6.	Anecdotal Evidence.....	43
6.1.	Purpose of Anecdotal Evidence Collection .....	43
6.2.	Process .....	43
6.3.	Bid Opportunities and Bid Award .....	44
6.4.	Connecting and Working with Prime Contractors .....	44
6.5.	Payment Delays.....	44
6.6.	Lack of Local Preference .....	45
6.7.	Technical Assistance Support.....	45
6.8.	MBE and WBE Certification.....	45
6.9.	How to Improve the Contracting Process.....	46
7.	Program Review .....	47
7.1.	Internal Review .....	47
7.2.	Procurement Policy Overview.....	47
7.3.	Vendor Lists.....	48
7.4.	Transparency.....	48
7.5.	Observations and Insights.....	48
8.	Recommendations .....	49
8.1.	Overview .....	49
8.2.	Goals .....	49
8.3.	Programmatic.....	51

8.4.	Data Collection.....	56
8.5.	Looking Ahead.....	58
9.	Appendices.....	59
	Appendix A - Group Outreach List .....	59
	Appendix B - Historical City Spend by County .....	60
	Appendix C - Historical City Spend by Industry.....	62
	Appendix D - City Employee Interviewee List .....	63
	Appendix E - Availability Analysis Detail (Custom Census) .....	64
	Appendix F - Availability Analysis Detail (Federal Sources) .....	65
	Appendix G - Utilization Analysis Detail.....	66
	Appendix H - Disparity Analysis Detail .....	68
	Appendix I - Business Formation Analysis Detail’8 .....	69
	Appendix J - Capital Access Analysis Detail.....	71
	Appendix K – Anecdotal Evidence Interviewee Distribution .....	73
	Appendix L- Anecdotal Evidence Detail .....	74
	Appendix M - Internal Review Detail .....	77
	About the ESI Team.....	86



# 1. Introduction

## 1.1. Report Purpose

The City of Harrisburg and Impact Harrisburg commissioned this Disparity Study, funded by the City and Impact as well as by Dauphin County and produced by a consulting team that consisted of Econsult Solutions, Inc., Milligan Consulting, LLC, and the Winston/Terrell Group (collectively “the ESI team”). This Disparity Study has three main purposes:

1. To provide a baseline understanding of the City’s utilization of minority-owned businesses, woman-owned businesses, and other disadvantaged business categories, relative to their availability in the marketplace of vendors the City has to choose from when procuring various goods and services.
2. To substantiate any appropriate race- and gender-specific contract participation goals and programmatic remedies to guide the City’s efforts to ensure equitable access for diverse businesses to the economic opportunities represented by the goods and services the City procures.
3. To inform policy, programmatic, and analysis actions that the City can take going forward to improve its understanding of and performance in supplier diversity.

This Disparity Study is an important early step in developing the organizational infrastructure, data foundation, and general momentum for the City to build a more sophisticated and substantiated approach to supplier diversity. This supports the City’s overall goals to promote equitable economic opportunity throughout the city, including in the economic opportunities represented by the City’s own spend, and to do so in ways that are legally defensible and operationally effective.

## 1.2. Local Context

Harrisburg is located in Dauphin County and is the capital city for the Commonwealth of Pennsylvania. Harrisburg is best characterized as a city that has a bright future because of its persistence to overcoming barriers. The City is emerging out of financial and operational challenges faced in recent years that often hampered growth and stifled innovation. New leadership, including a newly elected administration, efforts of Impact Harrisburg, partnership with the Dauphin County and other leaders are forging a new path forward to resiliency and self-sufficiency, with an emphasis on making sure the business climate is inclusive of all participants. The City’s financial recovery is evident by its final payment on its \$125 million debt fulling obligations stated in Act 47 started in 1997. This Disparity Study offers additional momentum for recovery as the City realizes the importance of inclusive economic growth is an important to become more economic competitive in the region. Therefore, the study allows the City to better understand the baseline as well as where it needs to improve in terms of minority representation in companies which do business in the city.

### 1.3. Legal Background

Disparity Studies came into existence and are currently informed by an ever-evolving body of case law, starting with the seminal 1989 J.A. Croson v. City of Richmond case that went to the US Supreme Court, and including such subsequent cases as Adarand Constructors, Inc. v. Peña (1995), Coral Construction, Inc. v. City and County of San Francisco (2004), and Western States Paving Co Inc. v. United States of America (2005). These cases established the notion that the strict scrutiny by which race- and gender-specific remedies must be substantiated (and guidance in having those remedies be narrowly tailored) was through the proven presence of “disparity,” which in turn should be informed by comparisons between “Utilization” and “Availability.”

They also acknowledged the relevance of such additional proofs as anecdotal evidence, business formation disparity analyses, and capital access disparity analyses. These proofs supplement an understanding of how utilization compares to availability, by exploring the extent to which discriminatory forces and other race- and gender-specific barriers are preventing even higher levels of availability. Hence, race- and gender-specific remedies may be warranted if utilization lags behind availability, and/or if availability is kept from being higher due to the presence of challenges that are uniquely faced by minorities and women.

Jurisdictions that believe there is a compelling state interest to have remedies that race- and gender-specific must therefore abide by the guidance provided in these legal precedents. Hence, the process by which this Disparity Study was completed for the City of Harrisburg and Impact Harrisburg was subject to a legal review, performed by Shelley R. Sylva, Esq., to ensure that analysis methodologies, primary research techniques, and proposed recommendations were appropriately prepared.

Accordingly, this report has been structured, and the research and analysis efforts undertaken to produce the report, in line with the prevailing case law. These proofs supplement an understanding of how Utilization compares to Availability, by exploring the extent to which discriminatory forces and other race- and gender-specific barriers are preventing even higher levels of Availability. Hence, race- and gender-specific remedies may be warranted if utilization lags behind Availability, and/or if Availability is kept from being higher due to the presence of challenges that are uniquely faced by minorities and women.

### 1.4. Report Structure

Befitting the purpose of this report and the roles a Disparity Study plays for the entity that has commissioned it, this report contains the following content sections:

- Section 2 – a description of the methodological approaches and data sources employed in this work
- Section 3 – a multi-faceted look at understanding Availability, which is the proportion of firms available to do business with the City that are of a particular diverse supplier category

- Section 4 – coverage of Utilization, which is the City’s use of various diverse supplier categories in its spending on various goods and services required for City operations, as well as Disparity, which is a comparison of Utilization and Availability
- Section 5 – a review of adjacent analyses of business formation rates and capital access to yield any additional insights on the existence and nature of any race or gender specific barriers that characterize the economic climate in the city
- Section 6 – a synthesis of the anecdotal evidence collected from individual businesses and advocacy groups to shed light on the unique challenges that diverse suppliers may face doing business in the city or with City government
- Section 7 – a review of the City’s current policies and procedures related to the procurement process and in particular its accessibility to diverse suppliers
- Section 8 – actionable and attainable recommendations that emerge from the analysis and commentary that preceded it, to move the City towards its stated goals as a city government and inclusive economy

This report also includes a number of appendices where additional detail is warranted.

## 2. Methodology

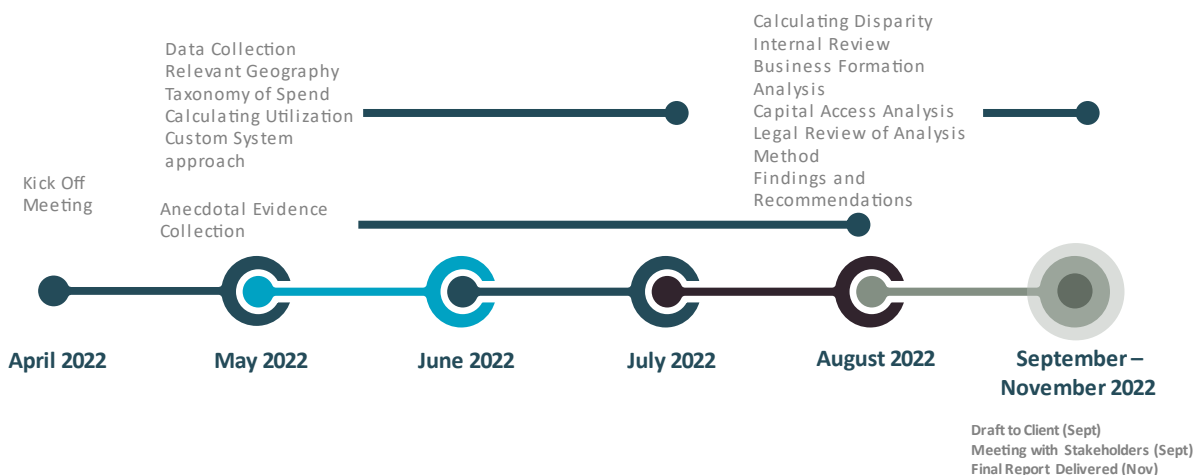
### 2.1. Kickoff Meeting and Other Client/Consultant Communication Channels

At the outset of this engagement, the ESI team prepared kickoff meeting materials and submitted them to the City of Harrisburg and Impact Harrisburg. These included a kickoff meeting agenda, a full outline of engagement work scope, accompanying information needs for each scope section, and project timeline. The kickoff meeting took place on April 26, 2022, and all expected agenda items were satisfactorily discussed.

Subsequently, the ESI team scheduled and attended bi-weekly check-in meetings with the City and Impact in order to provide regular status updates and synchronously discuss any outstanding issues. These meetings were led by Frank Robinson, Director of ESI, who served as Project Manager on this engagement. With a significant assist from the City and Impact, the ESI team was able to hew to its intended project timeline and fulfill all tasks in a timely manner (see project timeline below).

Figure 2.1 – Project Timeline for Completion of Disparity Study

### Timeline



### 2.2. Data Collection

This analysis depended heavily on information provided by the City on its contract spend and its vendor relationships. A list of items needed by the ESI team was developed, submitted to, and discussed with the City and Impact. The ESI team set up a password-protected cloud-based platform to allow for secure and easy posting of data. This platform included a “bulletin board” home screen by which the ESI team and the City were able to track the status of all requested items.



The City provided all requested items in editable format to the ESI team. This included detailed procurement information at the individual contract level, information on sub-contractors used and amounts awarded, and diverse supplier lists. Additional contractor data was obtained through extensive outreach efforts to business advocacy groups in the region.<sup>12</sup>

Finally, the ESI team also relied on publicly available information from federal sources. This included:

- US Census Bureau – Annual Business Survey (ABS)
- US Census Bureau – Annual Survey of Entrepreneurs (ASE)
- US Census Bureau – Public Use Microdata Sample (PUMS)
- US Census Bureau – Survey of Business Owners and Self-Employed Persons (SBO)

The City currently lacks robust data infrastructure components, which created some limitations in what this Disparity Study could comprehensively analyze. Throughout this report, these constraints are acknowledged, in order to ensure transparency in the compilation and interpretation of findings and to compel the appropriate recommendations to improve matters in the future.<sup>13</sup>

### 2.3. Primary Research

This analysis necessitated extensive primary research to ensure collection of accurate and contemporary information, as a supplement to the secondary data sources used in this analysis. This took three forms in this engagement:

- Data from the City and advocacy groups yielded a universe of business contact information used to conduct an online survey. Surveys were disseminated, and multiple channels were employed to publicize the survey and encourage participation, including media outreach from the Mary, directly dialing business contacts to encourage participation, collect email address, or do the survey via phone. The survey was live from May 23, 2022, to August 10, 2022, and elicited about 150 responses (see Figure 2.2). Future iterations of this research may benefit from purchasing a subscription to a sortable business contact information list, thus enabling more surveys to be distributed and hopefully more surveys to be completed, which will have the effect of yielding a set of results around Availability on which more weight can be placed.
- Through survey responses and direct outreach, a universe of interviewees was developed. This enabled the ESI team to directly speak to individual businesses and business advocacy groups. Topics covered included availability to do business with the City, opinions on the value of MBE/WBE certification, and commentary on the existence of (and in some cases personal experience of) discriminatory barriers that hinder inclusive participation in City contracts. Given the relatively low survey response number, these interviews proved invaluable in helping

---

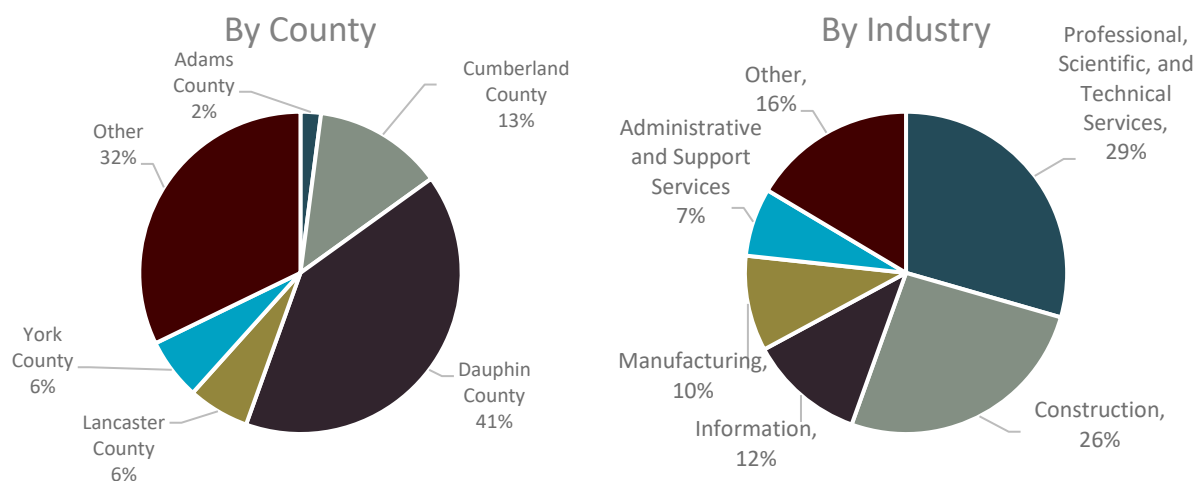
<sup>12</sup> See Appendix A for a full list of advocacy groups the ESI team interfaced with.

<sup>13</sup> In addition to this report, we also submitted a fully annotated dataset of contracts from FY17-21 as well as a consolidated supplier diversity dataset.

understand the landscape of businesses available to the City and the climate in which they operate.

- The ESI team also requested and conducted interviews with representatives from the City. This allowed for direct exploration of present procurement policies, a necessary effort in evaluating those policies and proposing actionable recommendations. All told, 25 interviews were conducted between June 1, 2022, and August 15, 2022.

Figure 2.2 – Summary Statistics for Survey Response Pool



## 2.4. Relevant Geography

In conducting a Disparity Study, it is necessary to determine the primary geography for which Utilization, Availability, and Disparity will be calculated. Disparity Studies typically define as their study geography an area that is either coterminous with the jurisdiction itself, or a larger region commensurate with the jurisdiction’s historical spending patterns.

In the City’s case, the former approach may be too narrow, as vendors are drawn from many jurisdictions outside the City of Harrisburg. Yet the latter approach, which is the more common one, may serve to entrench existing disparate spending patterns by assigning more weight to places of historical Utilization rather than being influenced by the geographic distribution of present Availability.

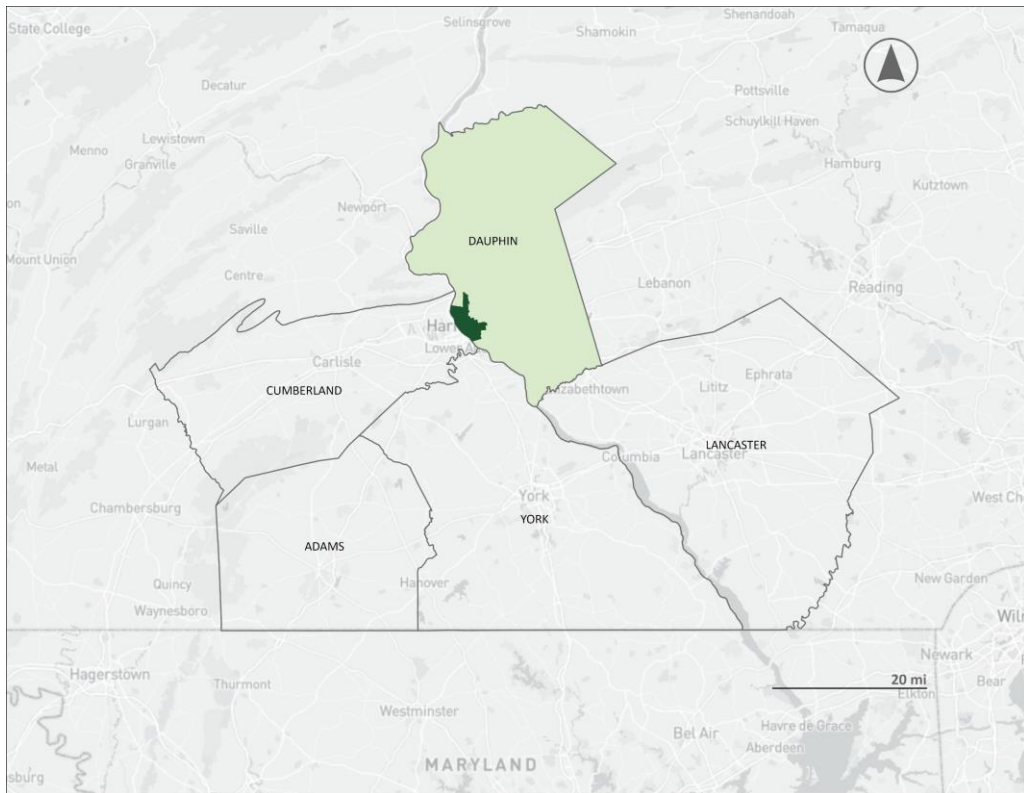
Keeping that all in mind, the ESI team utilized an evidence-based method which looked at the geographic distribution of historical spending patterns (see Figure 2.3 below). This approach yielded a 5-county geography (see map below), which served as the unit of geography for much of the ensuing analysis.

Figure 2.3 – Distribution of FY 2017 to FY 2021 City of Harrisburg Spend by County Location of Vendor<sup>14</sup>

County	\$M in Spend	% of Total	Cumul % Total
Dauphin County	\$33.69	22.7%	22.7%
Adams County	\$26.64	17.9%	40.6%
Lancaster County	\$15.00	10.1%	50.8%
Cumberland County	\$7.95	5.4%	56.1%
York County	\$5.09	3.4%	59.5%
All Others	\$60.05	40.5%	100.0%
<b>Total</b>	<b>\$148.41</b>	<b>100%</b>	<b>100%</b>

Source: Econsult Solutions, Inc. (2022)

Figure 2.4 – Relevant Geography Identified for City of Harrisburg Disparity Study



Source: Econsult Solutions, Inc. (2022)

<sup>14</sup> A more detailed version of this table in Appendix B

## 2.5. Taxonomy of Spend

It is useful for Disparity Studies to yield guidance at a jurisdiction-wide level but also for specific contract types, since understanding the composition of the universe of available vendors for a large-scale construction contract will provide no meaningful guidance on the composition of the universe of available vendors for an office supplies contract, for example. As a result, Disparity studies typically calculate Utilization, Availability, and Disparity overall as well as for distinct industry categories; for example, construction vs. professional services vs. commodity goods and services.

In order to determine the appropriate categorization of contracts by type, the ESI team analyzed historical spending data provided by the City and used that to determine a taxonomy of categories for which industry-specific Utilization, Availability, and Disparity could be derived. This involved synchronizing a classification system that could be applied to the commodity codes used by the City to sort both its spending (Utilization) and the vendors it does business with (Availability).

This approach yielded an overall categorization of contracts into three main categories: Construction, Professional Services, and Commodity Goods/Services. This analysis also provided an understanding of the composition of the City’s historical spending patterns, against which Availability data could be applied to produce Availability estimates that appropriately weighted industry categories by historical spending levels (see Figure 2.5 below).

Figure 2.5 – Distribution of FY 2017 to FY 2021 City of Harrisburg Spend by Contract Type<sup>15</sup>

	<b>Construction</b>	<b>Professional Services</b>	<b>Commodity Goods and Services</b>	<b>Unclassified</b>	<b>Total</b>
# Contracts	290	704	2,658	422	4,074
% # Contracts	7%	17%	65%	10%	100%
Aggregate Contract Amount (\$M)	\$71.6	\$18.5	\$47.2	\$11.2	\$148.4
% \$ Contracts	48%	13%	32%	7%	100%
Average Contract Size (\$000)	\$247	\$25	\$18	\$28	\$36

Source: Econsult Solutions, Inc. (2022)

<sup>15</sup> See Appendix C for additional detail on historical City spend by industry.

## 2.6. Calculating Utilization

Understanding Utilization is an important part of a Disparity Study. Utilization is the proportion of a jurisdiction's spend that goes to diverse supplier categories. For the purposes of this analysis, the following diverse supplier certification categories, collectively referred to as Diverse Business Enterprises (DIVBEs)<sup>16</sup> were analyzed where data availability allowed it:

- Minority-Owned Business Enterprises (MBEs) – At least 51 percent of the business must be owned, operated, managed, and controlled by one or more racial or ethnic minority.
- Woman-Owned Business Enterprises (WBEs) – At least 51 percent of the business must be owned, operated, managed, and controlled by one or more women.
- Veteran-Owned Business Enterprises (VBEs) – At least 51 percent of the business must be owned, operated, managed, and controlled by one or more veteran(s) or service-disabled veteran(s).
- LGBT-Owned Business Enterprises (LGBTBEs) – At least 51 percent of the business must be owned, operated, managed, and controlled by one or more LGBT persons.

In some cases, a firm is known to be certified but it is unknown what certification it possesses. Such firms' numbers are counted as DIVBE, and hence DIVBE totals may not equal the sum of all of the above individual certifications (the difference representing those firms who are known to be certified but whose actual certification is unknown).

Certification status for firms was obtained through a variety of publicly available sources, including the following supplier diversity directories whose information was consolidated into a unified supplier diversity directory:<sup>17</sup>

- Office of Economic Opportunity (OEO), M/W/DSBE Inclusion Works Compliance Reporting System, Certified Vendor Directory
- Pennsylvania Department of General Services, Small and Small Diverse Businesses Directory
- Eastern Minority Supplier Development Council (EMSDC), Supplier Diversity Directory
- Pennsylvania Unified Certification Program (PAUCP), Certified Vendor Directory
- American Veteran Owned Business Association (AVOBA), Business Directory

For this analysis, the ESI team cross-referenced this unified supplier diversity directory against five full years' worth of contract data (FY 2017 to FY 2021) as provided by the City to calculate overall Utilization

---

<sup>16</sup> "Diverse Business Enterprises (DIVBEs)" is a catch-all term used in this report when referring to all certified firms across multiple certifications or whose specific certification is unknown. The acronym "DIVBE" is employed to avoid confusion with the more common acronym, "DBE," which refers to Disadvantaged Business Enterprises and is a federal designation.

<sup>17</sup> This unified directory was submitted to the City and Impact as its own deliverable separate from this Disparity Study.

(all awarded dollars to DBE categories as a proportion of all spend) as well as the following Utilization subsets:

- Utilization by contract type (e.g., construction vs. professional services vs. commoditized supplies/services).
- Utilization by various DIVBE sub-categories (e.g., MBE, WBE, VBE, LGBTBE) for which data Availability enables this more detailed analysis.
- Utilization by various MBE sub-categories (e.g., Black-owned, Hispanic-owned, Asian-owned) for which data Availability enables this more detailed analysis.
- Utilization by City department.
- Utilization by business location (e.g., located within the City of Harrisburg, located within the relevant geography, located within the US).

To successfully complete this task, the ESI team benefitted from access to an editable version of the City's directory of diverse suppliers. The ESI team also had access to an editable version of contract-level data from the City for the past five full years, inclusive of the following data fields: commodity code, procuring department, prime contractor name, sub-contractor name(s), dollar amount, and dollar amount to sub-contractor(s). In some cases, some or all of these fields are missing, so such data gaps are noted as is the consequence of those data gaps.

## 2.7. Multiple Methods for Estimating Availability

It is of critical importance that the calculation of Availability includes primary research in the form of directly interfacing with businesses in the appropriate geography. This is because publicly available secondary data on businesses typically lags anywhere from two to eight years, and with COVID-19, the present landscape of businesses may have changed dramatically, so data with time lags is far less helpful than usual if it were the sole source of Availability data. This Disparity Study benefitted from what is referred to as a custom census approach, which entails the following steps:

- The ESI team compiled a list of business contact information in the relevant geography and for the industries represented by the main spending categories, sourcing business contact and industry information from three data sets:
  - City vendor directory (461 participants)
  - Pennsylvania Unified Certification Program (PAUCP), a publicly available diverse supplier directory (776)
  - Business names and contact information obtained from outreach from various business advocacy groups in the region (53)
  - City's communications team shared social post with survey link on City's social pages (post Twitter, LinkedIn, Facebook, and IG) (244 total clicks)

- Policy and Reporting Specialist at Commonwealth of PA shared City post on LinkedIn (300 followers -clicks unknown)
- President and CEO of the Harrisburg Regional Chamber shared on LinkedIn (2,400 followers – clicks unknown)
- Procurement Services Manager at City of Harrisburg shared City post on LinkedIn (930 followers – 128 impressions)
- Survey was posted on the City’s home page at harrisburgpa.gov
- Survey banner was posted to bid notices page / purchasing page at harrisburgpa.gov
- Members of the City of Harrisburg Disparity Study team also shared directly with personal networks by email (#s unknown) City’s Communications Director held press briefing, the following list of news outlets ran stories: Fox 43; PennLive; Dauphin County News; The Burg News; and ABC 27
- The ESI team developed a survey to elicit information on readiness, willingness, and ability to do business with the City, as well as to probe whether any barriers exist to such contracts.
- The ESI team circulated the survey to all businesses via email, calling to facilitate participation or conduct the survey via phone (and soliciting the help of the City and Impact in publicizing the survey and encouraging response), and cleaning resulting survey responses.

The resulting survey responses were used to calculate Availability by matching up answers to questions related to MBE/WBE status, geographic location, primary industry, previous experience doing business with the City, and largest contract size for such work. In this way, parallel Availability estimates could be developed to match up against their commensurate Utilization estimates, in order to calculate Disparity.

To further bolster the validity of these calculations, the ESI team also estimated Availability based on publicly available secondary data from the following data sets provided by the US Census Bureau: Survey of Business Owners, Annual Survey of Entrepreneurs, Annual Business Survey. This alternative method was employed to supplement Availability estimates based on primary research methods. Employing multiple methods is paramount for Availability calculations, given the relative imprecision of understanding notions of capacity and willingness, and particularly in light of the City’s present data infrastructure limitations.

## 2.8. Calculating Disparity

The Availability estimates referenced above were then used to estimate Disparity, which is Utilization divided by Availability. Hence, if Utilization is lower than Availability, then the Disparity Ratio is less than 1, which is considered under-utilization and would (all else equal) warrant race- and gender-specific goals, as well as an exploration as to why under-utilization is occurring. However, the converse is not necessarily true. If Utilization is higher than Availability, then the Disparity Ratio is greater than 1, which

may be considered over-utilization, but it may also be that Availability is artificially low due to the presence of discrimination, so further exploration is needed on whether race- and gender-specific goals are still warranted, which is where additional analyses described below come into play.

## 2.9. Anecdotal Evidence Collection; Internal Review

Concurrent to phone follow-up to encourage survey participation and aided by survey respondents self-identifying as being willing to be followed up with for an interview to discuss business conditions, the ESI team solicited anecdotal evidence on what it is like to do business with the City. This enabled the accumulation of various pieces of anecdotal evidence as to the existence of race- or gender-specific barriers, which has been proven in the courts to be an acceptable form of justification for race- and gender-specific goals. This process also yielded useful guidance for forming recommendations to help remediate against systemic barriers preventing equitable distribution of spend by the City.<sup>18</sup>

The ESI team also conducted an internal review of the City's purchasing and contracting policies. This entailed conducting interviews with selected City administrators and representatives to develop a detailed analysis of whether and where existing policies may have a discriminatory effect.<sup>19</sup>

Furthermore, the ESI team supplemented its outreach to business owners for purposes of encouraging survey participation and anecdotal evidence provision with outreach to business advocates, who were able to provide additional guidance on whether and where the City are being discriminatory in the distribution of the economic opportunities represented by contract spend.

## 2.10. Business Formation; Capital Access Analysis

Disparity Studies increasingly also include business formation analyses and capital access analyses in order to determine if there are systemic disparities in minorities and women forming businesses or accessing capital to form businesses. If this is the case, this too is justification for race- and gender-specific goals, for they demonstrate that the availability of minority- and woman-owned businesses is artificially low.

To accomplish this, the ESI team relied on publicly available data from the US Census Bureau's American Community Survey to calculate business formation rates for different racial, ethnic, and gender groups in the city, and then created a multivariate regression analysis to control for other potentially explanatory variables (e.g., educational attainment, household income) to isolate any race- or gender-specific disparities in business formation rate. This statistical technique yielded an understanding of the extent to which there are race- or gender-specific disparities in business formation rate even when accounting for any differences in other possible determinants of business formation rate such as income level or educational level.

Similarly, the ESI team relied on publicly available data from the Federal Financial Institutions Examination Council to see if there were any race- or gender-specific differences in access to home

---

<sup>18</sup> See Appendix A for a full list of advocacy groups interviewed for anecdotal evidence collection. Individual business interviewee information is withheld for purposes of confidentiality.

<sup>19</sup> See Appendix D for a full list of City employees interviewed for internal review purposes.



capital (an important asset against which business owners can form and fund a business) or in the geographic distribution of small business loans (e.g., fewer loans to neighborhoods that are majority-minority). This was accomplished in the following ways:

- Looking for disparities in home loan outcomes across race, ethnicity, and gender (e.g., denial rate, subprime penetration)
- Looking for disparities in home loan outcomes by neighborhood type (e.g., majority-majority neighborhoods vs. majority-minority neighborhoods)
- Looking for disparities in business loan penetration by neighborhood type (e.g., majority-majority neighborhoods vs. majority-minority neighborhoods)

These analyses provide another critical review of the context in which DIVBEs compete for business from the City and can be invaluable in justifying and guiding the resulting programming the City wants to implement to increase opportunities for DBEs in the city.

## 3. Availability

### 3.1. Overview

The first set of Disparity Study calculations are Availability estimates. These are estimates of the proportion of businesses available to the City that are some diverse business categories. This proportion is notoriously difficult to know with any level of precision, due to the challenge of defining the universe of available businesses, a challenge made even more difficult by data limitations.

This suggests the use of multiple approaches from which to calibrate proportions. Accordingly, the ESI team estimated Availability based on direct business survey responses, as well as based on publicly available federal census data. Each set of results yields useful information, and together they provide a better sense of Availability than either would alone.

Based on this approach, the ESI team estimates that a reasonable preliminary estimate for Availability for the City, among the 5-county region used in this analysis, is 30 percent, which is to say that about three out of every 10 businesses available to the City for its spending needs are some diverse business category.

### 3.2. Availability Per Custom Census

Directly surveying businesses is an important way for the City to understand Availability, because it affords a vivid and contemporary understanding of the business landscape in industry categories relevant to the City. This includes accessing granular information on industry, size and capacity, and certification status (and, as will be discussed further in Section 6, it serves as a springboard for collecting anecdotal evidence through follow-up interviews that can further probe such topics as attitudes about certification, barriers to entry, and overall business climate).

As noted in Section 2, the direct business survey commissioned for this Disparity Study yielded about 150 responses representing a pool of businesses that is diverse in industry and geography. It is hoped that future surveys yield far more responses, and so results based on these findings must be weighed against results based on publicly available Census data, with the former representing a deeper and more real-time voice of businesses and the latter representing an older and shallower reflection yet one that is based on many more observations.

Keeping this in mind, the table below (see Figure 3.1) presents Availability proportions, which represent the percentage of firms in the survey pool that are one or more of various diverse supplier categories and diverse supplier certifications. This data is shown for all businesses and is also sub-divided by contract type (i.e., Construction vs. Professional Services vs. Commodity Goods and Services).

Figure 3.1 – Estimated DIVBE Availability for City of Harrisburg Government Spend by DIVBE Category and Contract Type, Based on Custom Census of Relevant Businesses in 5-County Region (Survey ~150 Respondents)<sup>20</sup>

	<b>Construction</b>	<b>Professional Services</b>	<b>Commodity Goods and Services</b>
Black	29%	41%	26%
Hispanic	5%	9%	0%
Asian	3%	9%	6%
Minority	53%	80%	47%
Certified MBE <sup>21</sup>	16%	20%	12%
Women	37%	59%	85%
Certified WBE	16%	16%	29%
Certified VBE	5%	1%	3%
Certified LGBTBE	N/A	N/A	N/A
All DIVBE <sup>22</sup>	47%	39%	44%

Source: Econsult Solutions, Inc. (2022)

As noted above, the very granular nature of this particular survey vehicle affords a number of data points that are informative in estimating Availability. For example, proportions can be derived both for businesses that are owned and operated by racial and ethnic minorities (the row labeled “Minority”) as well as for businesses that are formally certified as such (the row labeled “MBE”).

While one must be careful about the conclusions that are drawn from a relatively small sample size, it is still noteworthy to acknowledge the proportions of respondents that are one or more diverse supplier category. All sub-categories collectively represent more than half of all respondents, as well as more than half of all respondents representing Professional Services and Commodity Goods and Services businesses (and almost 40 percent of all Construction businesses).

It is also observed that Black owned businesses represent high proportions of businesses across all contract types, and that the sum of the Availability estimates across all racial and ethnic categories far

<sup>20</sup> A more detailed version of this table can be found in Appendix F

<sup>21</sup> “MBE” may be more than the sum of MBE sub-categories, because in many cases MBE counts are known but what race/ethnicity those MBEs are unknown.

<sup>22</sup> “DIVBE” may be more than the sum of DIVBE sub-categories, because in many cases DIVBE counts are known without knowing what certification those businesses are. Furthermore, to be inclusive this category includes businesses that are not certified or whose certification status is unknown but who could be certified because they have self-identified as some diverse supplier category (e.g. minority-owned, woman-owned).

exceeds the MBE Availability estimate, suggesting that there are many minority-owned businesses available to the City that are not formally certified as MBE.

Future reprisals of business surveys will afford a new and hopefully more extensive understanding of Availability, further sharpening the City's understanding of the composition of businesses available to do business, and how that composition may change over time, including in response to the City's own actions to make it easier and better for all businesses to do business with the City. For now, this initial survey of business owners provides a useful and preliminary data point to incorporate into estimates of Availability.

### 3.3. Availability Per Federal Sources

Supplementing insights derived from the recent survey conducted by the ESI team; federal surveys of business ownership composition are a useful data source. Specifically, the US Census Bureau conducts periodic surveys of business owners, published regularly in its Survey of Business Owners, Annual Business Survey, and Annual Survey of Entrepreneurs.

These data sources have some time lag to them (survey results may not be posted until a year or more after surveys were conducted), and survey result content is relatively limited in scope, which makes the direct surveying of businesses by the ESI team a useful supplement since those surveys are contemporary and can probe more nuanced issues like capacity, willingness, and barriers. Furthermore, federal sources only disclose race, ethnicity, and sex data, and do not cover certification status, whereas a direct survey can ask about both. But, federal sources have their advantages, too, namely that they are based on many more responses, thus affording a vivid sense of such things as the distribution of business ownership by race, ethnicity, and gender.

To proxy Availability, the ESI team focused on the counties and industries of interest, and narrowed down to "firms with employees," as "firms without employees" are likely to lack the scope or interest to do business with a municipal government. This admittedly over-samples a number of businesses that, while they have employees, may lack the interest or capacity to do business with the City. In some cases, these businesses do not provide any of the needed services procured by the City. Furthermore, data limitations mean that industry classifications can only be known at a relatively broad level; for example, "Construction" is a vast umbrella that includes many sub-categories of businesses who provide goods and services that are not of relevance to the City's purchasing needs. Due to these caveats, results should be interpreted appropriately and in concert with other, supplemental ways of getting at Availability, such as a direct survey like what the ESI team conducted for this report.

This approach, based on federal sources, yields Availability estimates that are far lower than the direct survey results (see Figure 3.2). Across all categories, women business ownership and particularly minority business ownership is a much smaller percentage of the business landscape than what the direct survey results seem to indicate.

Figure 3.2 – Estimated DIVBE Availability for City of Harrisburg Government Spend by DIVBE Category and Contract Type, Based on Publicly Available Data in US Census Bureau in 5-County Region (SBO Census)<sup>23</sup>

	<b>Construction</b>	<b>Professional Services</b>	<b>Commodity Goods and Services</b>	<b>All Spend</b>
Minority <sup>24</sup>	1%	4%	9%	7%
Black	0%	1%	1%	1%
Hispanic	1%	1%	1%	1%
Asian	0%	2%	6%	4%
Women	8%	18%	18%	17%
Veteran	N/A	N/A	N/A	N/A
LGBT	N/A	N/A	N/A	N/A
Diverse <sup>25</sup>	9%	23%	27%	24%

*Source: Econsult Solutions, Inc. (2022)*

There are a number of possible reasons for this discrepancy, all of which are likely to be at least a little bit true:

1. The direct surveys’ response pool was in some way inadequate in proxying the true distribution of available businesses.
2. The federal surveys under-sampled minority and women owned businesses
3. Each approach is not sufficiently narrowing down to the pool of industry sub-categories that are of direct relevance to the City’s actual purchasing patterns, with the direct survey approach over-sampling industry sub-categories with higher minority and women owned business Availability and the federal sources approach under-sampling industry sub-categories with higher minority and women owned business availability.

Future iterations of Availability analyses, both direct surveying of businesses in the present and reliance on larger but older public datasets of business ownership, will further sharpen the City’s understanding of Availability, thus honing its sense of what appropriate Utilization levels should be and where to focus

<sup>23</sup> Federal Census data speaks to race, ethnicity, and gender, not to certification status, so in this case DIVBE is taken to mean firms that could be certified because they are minority-owned and/or woman-owned, not necessarily that they are definitely certified. A more detailed version of this table can be found in Appendix G.

<sup>24</sup> “Minority” may be more than the sum of Minority sub-categories, because in addition to Minority counts that are assigned to a specific race/ethnicity, there are Minority counts where race/ethnicity is unknown.

<sup>25</sup> “Diverse” does not include Veteran or LGBT because such counts are either unavailable or cannot be untangled from Minority and Women counts.

other programmatic supports. At the present, these two sets of Availability estimates, while each with their limitations and together presenting a relatively unclear sense of where true Availability levels lie, provide an initial anchoring from which preliminary conclusions can be drawn.

### 3.4. Consolidated Availability Estimate

The strength of employing parallel Availability approaches is that they can be reconciled towards a more accurate end result. Given the relatively wide differences between the direct survey approach and the federal sources approach, it is likely that the true answers lie somewhere in between, which is to say that the direct survey approach’s results are probably too high and the federal sources approach’s results too low.

If the direct survey had included many more respondents, it would certainly be the better approach, conceding that even then it is helpful to also rely on a secondary method for calculating Availability, and thus in reconciling the two sets of results one would want to weight the direct survey results more. Instead, given the relatively small response pool, it seems prudent to assign more weight to the federal sources approach’s results. Hence, in constructing a consolidated set of Availability estimates, Availability amounts fall closer to those of the federal sources approach than the direct survey results (see Figure 3.3).

Figure 3.3 – Estimated DIVBE Availability for City of Harrisburg Government Spend by DIVBE Category and Contract Type, Based on Custom Census of Relevant Businesses and Publicly Available Data in US Census Bureau in 5-County Region

	<b>Construction</b>	<b>Professional Services</b>	<b>Commodity Goods and Services</b>	<b>All Spend</b>
Black	10%	15%	10%	12%
Hispanic	3%	5%	1%	3%
Asian	1%	5%	6%	5%
Minority	15%	25%	15%	20%
Women	10%	20%	20%	15%
Veteran	N/A	N/A	N/A	N/A
LGBT	N/A	N/A	N/A	N/A
Diverse <sup>26</sup>	20%	35%	35%	30%

Source: Econsult Solutions, Inc. (2022)

<sup>26</sup> “Diverse” may be more than the sum of DIVBE sub-categories, because in many cases DIVBE counts are known without knowing what certification those businesses are.

The results of this approach suggest that, across all contract types, various diverse supplier categories represent about 30 percent of the businesses available to the City to do business, with the number being much higher in the Professional Services field and for Commodity Goods and Services, and lower for Construction spend. These results also suggest that Black owned businesses represent the majority of the minority-owned firms available to do business with the City, about two-thirds across contract types.

## 4. Utilization and Disparity

### 4.1. Overview

Having addressed Availability in the previous section, this report now turns to Utilization, from which Disparity Ratios can be derived. Thus, having estimated the proportion of businesses available to the City to do business that are minority or woman owned, it is necessary to estimate the proportion of City spend that actually went to minority or woman owned businesses. In the case of this report, the ESI team looked at the roughly \$150 million that was spent by the City over the five-year period from FY 2017 to 2021, which represent contracts for various goods and services where the City had the opportunity to select vendors, including minority and woman owned prime contractors and teams that included one or more minority and woman owned sub-contractors.

If sufficient City data collection infrastructure was in place, estimating Utilization would be a relatively straightforward exercise, of determining how much in contract dollars went to minority and woman owned businesses, either as prime contractors or sub-contractors, and then dividing by overall spend to express Utilization in percentage terms. The ESI team proceeded based on this overall approach but had to contend with a number of data limitations. We commend the City for its comment to remedy through the implementation of more robust data tracking systems. The concerns:

No direct way of knowing which firms the City directly did business with that are certified MBE or WBE, or that are owned and operated by minorities or women – this was partially overcome by assembling publicly available supplier diversity directories to identify City vendors from those lists.

1. No direct way of knowing which firms the City directly did business with that are certified MBE or WBE, or that are owned and operated by minorities or women – this was partially overcome by assembling publicly available supplier diversity directories to identify City vendors from those lists.
2. Incomplete information on which contractors had sub-contractors, whether any of those sub-contractors were minority or woman owned businesses, and how much of the overall contract amount these sub-contractors were estimated to receive – the City did provide some of this information, but it is unknown whether there were any additional instances of this beyond that information.
3. Minimal information on what race or ethnicity minority owned businesses were, which hampered our ability to understand Utilization levels for specific racial and ethnic categories, something that will hopefully be rectified in future efforts that benefit from better tracking of racial and ethnic data.
4. Minimal information that would help identify the presence of veteran owned, disabled owned, or LGBT owned businesses that did business with the City, nor any other diverse supplier category beyond MBE and WBE – there was no compensating work done here that yielded any additional information.



In light of these limitations, these Utilization estimates are incomplete and almost certainly lower than actual Utilization levels. To elaborate, all missing data would, if it were available, result in higher Utilization estimates. Therefore, future Utilization calculations, once data collection solutions are undertaken, would yield higher Utilization levels. As of now, Utilization is estimated to be about 8 percent, with a majority of that being accounted for by firms located in the 6-county region. Compared to estimated Availability levels at 30 percent, this suggests disparities across all contract types and diverse supplier categories.

## 4.2. Utilization

As noted, Utilization represents the proportion of City spend to various diverse supplier categories. And, as noted, data limitations mean current calculations of Utilization will yield estimates that are lower than they should be.

For the purposes of this report, Utilization was calculated at two levels. One is all Utilization, independent of the geographic location of the diverse supplier, which is to say the proportion of City spend that went to any diverse supplier category regardless of their location. This is represented in Figure 4.1. Secondly, Utilization was calculated for the subset of diverse businesses that are located in the 5-county region, so Utilization in this case meant, of the City’s spend, how much went to diverse businesses whose business location is within the 5-county region. This is represented in Figure 4.2.

Figure 4.1 – Estimated Utilization of DIVBEs Based in the US in City of Harrisburg Government Spend by DIVBE Category and Contract Type<sup>27</sup>

	Construction	Professional Services	Commodity Goods and Services	All Spend <sup>28</sup>
MBE <sup>29</sup>	0.12%	2.03%	11.93%	4.07%
Black	N/A	N/A	N/A	N/A
Hispanic	N/A	N/A	N/A	N/A
Asian	N/A	N/A	N/A	N/A
WBE	0.06%	7.32%	3.77%	1.98%
VBE	N/A	N/A	N/A	N/A
LGBTBE	N/A	N/A	N/A	N/A
DIVBE <sup>30</sup>	1.89%	10.20%	16.02%	7.02%

<sup>27</sup> A more detailed version of this table can be found in Appendix H

<sup>28</sup> The total includes the very small subset of contracts that could not be classified into the three main contract types.

<sup>29</sup> “MBE” may be more than the sum of MBE sub-categories, because in many cases MBE counts are known but what race/ethnicity those MBEs are unknown.

<sup>30</sup> “DIVBE” may be more than the sum of DIVBE sub-categories, because in many cases DIVBE counts are known without knowing what certification those businesses are.

Source: Econsult Solutions, Inc. (2022)

Figure 4.2 – Estimated Utilization of DIVBEs Based in the 5-County Region in City of Harrisburg Government Spend by DIVBE Category and Contract Type<sup>31</sup>

	Construction	Professional Services	Commodity Goods and Services	All Spend <sup>32</sup>
MBE <sup>33</sup>	0.12%	-	11.93%	3.87%
Black	N/A	N/A	N/A	N/A
Hispanic	N/A	N/A	N/A	N/A
Asian	N/A	N/A	N/A	N/A
WBE	0.00%	5.85%	0.47%	0.74%
VBE	N/A	N/A	N/A	N/A
LGBTBE	N/A	N/A	N/A	N/A
DIVBE <sup>34</sup>	1.73%	6.13%	12.71%	5.47%

Source: Econsult Solutions, Inc. (2022)

As noted above, these results are almost certainly too low, as they only account for a subset of dollars for which it is known that a minority or woman owned business is involved. Based on that limitation, it can be said that City Utilization is currently at least about 8 percent higher than that for Professional Services spend and for Commodity Goods and Services spend and lower than that for Construction spend. Furthermore, it can be noted that a majority, about two-thirds of the Utilization is captured by diverse suppliers located in the 5-county region, and conversely about one-third by diverse suppliers located outside the region, since the Utilization estimates in the second table are about two-thirds that of the estimates in the first table.

### 4.3. Disparity

Disparity Ratios elegantly capture, in one number that is easy to interpret, the relationship between Utilization and Availability. It is a fraction consisting of fractions for both its numerator and denominator:

1. The numerator for a Disparity Ratio is Utilization, which is dollars to diverse businesses divided by all spend.

<sup>31</sup> A more detailed version of this table can be found in Appendix H

<sup>32</sup> The total includes the very small subset of contracts that could not be classified into the three main contract types.

<sup>33</sup> “MBE” may be more than the sum of MBE sub-categories, because in many cases MBE counts are known but what race/ethnicity those MBEs are unknown.

<sup>34</sup> “DIVBE” may be more than the sum of DIVBE sub-categories, because in many cases DIVBE counts are known without knowing what certification those businesses are.

2. The denominator for a Disparity Ratio is Availability, which is the number of available diverse businesses divided by the number of available businesses.
3. If Utilization is greater than Availability, the Disparity Ratio will be greater than one. Conversely if Utilization is less than Availability, the Disparity Ratio will be less than one.

Data limitations compress the number of Disparity Ratios that can be calculated. For example, insufficient Utilization data exist to understand spend with specific racial and ethnic sub-groups. Disabled, Veteran, and LGBT data is largely absent on the Availability and Utilization side. What can be compared and therefore estimated is Utilization versus Availability for minority-owned, woman-owned, and all diverse businesses (see Figure 4.3).

Figure 4.3 – Disparity Ratio for City of Harrisburg Government Spend by DIVBE Category and Contract Type

	<b>Construction</b>	<b>Professional Services</b>	<b>Commodity Goods and Services</b>	<b>All Spend</b>
Minority	0.01	-	0.80	0.19
Women	0.00	0.29	0.02	0.05
Diverse <sup>35</sup>	0.09	0.18	0.36	0.18

*Source: Econsult Solutions, Inc. (2022)*

#### 4.4. Implications

In the case of the City and based on these preliminary estimates of Utilization and Availability, all Disparity Ratios appear to be less than 1, and in most cases significantly less than 1. As noted, true Utilization levels are likely actually higher, which means that Disparity Ratios are also likely to be higher in reality. But, given that the current estimates are very small, it is almost certain that the City utilizes diverse businesses at a lower rate than their availability, across all diverse business categories and contract types.

This means there may be room to increase Utilization in the near future and over time, because such firms exist in the marketplace, although they may need to be identified, cultivated, and supported. In other words, if Utilization is currently less than Availability (which all of these Disparity Ratios being far less than 1 seems to indicate), then the diverse businesses are there for the City to reach out to and work with, thus yielding higher Utilization and bringing Disparity Ratios closer to 1 over time.

An important limitation to this framework that needs to be acknowledged is that it is possible that while Utilization may be too low, it is also possibly true that Availability is also too low. Disparity Ratios of less than one suggests under-utilization, in that whatever the proportion of available businesses that are

---

<sup>35</sup> “Diverse” does not include Veteran or LGBT because such counts are either unavailable or cannot be untangled from Minority and Women counts.

diverse businesses (Availability), the fact that the proportion of spend that goes to diverse businesses (Utilization) indicates the likelihood that Utilization should be higher.

Conversely, Disparity Ratios of greater than one may or may not suggest over-utilization. If Utilization is greater than Availability, it could mean that, relative to the proportion of available businesses that are diverse businesses, Utilization is occurring in a higher proportion. Alternatively, it could mean that Availability is too low, rather than that Utilization is too high. And this could be that there exist discriminatory barriers that diverse businesses faced, either those erected or supported by the City itself and/or endemic to the broader economic landscape in which businesses exist, that are keeping diverse businesses from being formed and grown to scale. Addressing these barriers would have the effect of increasing the number of diverse businesses available for the City to do business with, thus increasing Availability levels. The next section addresses a couple of ways to analyze whether this is occurring in the region.

## 5. Adjacent Analyses

### 5.1. Overview

The previous two sections provided a preliminary sense that, generally speaking, Utilization lags behind Availability when it comes to the City's spend over the past five years. As noted, this suggests the City can and should take steps to increase Utilization over time. It may also be true that, in addition to increasing Utilization, the City should take steps to address and increase Availability. This is because there may exist discriminatory barriers that, if addressed, would increase the pool of businesses available to the City, thus improving its procurement situation.

This is why the adjacent analyses covered in this section are common components of Disparity Study. A Disparity Study that solely focuses on comparing Utilization and Availability misses an important real-world dynamic that if discrimination exists it is not only bringing Utilization levels down but also Availability levels. It is important to determine whether this is true, so the appropriate responses can be considered and targeted.

Specifically, this section looks at two quantifiable characteristics of the landscape in which businesses exist in the region. One is business formation, and one is capital access. In both cases, differences that are race or gender-oriented help support the need for race or gender specific remedies.

For example, independent of what the Disparity Ratios say about specific diverse business categories or specific contract types seeing under-utilization, it may be true that there are disparate outcomes when it comes to different households starting businesses or different businesses accessing capital for their businesses. If minorities or women start businesses at lower levels than others, or they and their businesses have less access to capital than other businesses, this impairs their ability to do business with the City and warrants race and gender specific responses to address that.

The analyses in this section seem to suggest that such disparities exist, indicating that minorities and women face unique challenges in starting businesses, accessing capital, and otherwise being available to do business with the City. This, in addition to under-utilization as demonstrated by Disparity Ratios of far less than 1 across all diverse business categories and contract types, further supports the existence of race and gender specific interventions.

### 5.2. Business Formation Analysis

It is useful but insufficient to consider DIVBE Disparity in terms of relationships between Utilization and Availability. Utilization levels that are lower than Availability levels suggest that a jurisdiction is under-utilizing DIVBEs relative to their availability in the marketplace. But the opposite is not necessarily true. Utilization levels that are higher than Availability levels may mean that utilization is not too low, but it may also mean that availability is too low.

Hence, ancillary analyses such as business formation analyses and capital access analyses are instructive, for they provide additional explorations into the landscape in which DIVBE firms operate and may therefore indicate the presence of discrimination and other race- and gender-specific barriers that artificially lower Availability levels for a jurisdiction, such that Availability levels would otherwise be higher (and therefore the possibility of Utilization levels being higher) but for the presence of discrimination and other race- and gender-specific barriers.

Business formation analyses attempt to look at business formation rates across race, ethnicity, and gender, to see if there are differences in rates across race, ethnicity, and gender, when controlling or other potentially explanatory variables. The presence of such disparities indicates the presence of race, ethnicity, and gender specific barriers that result in artificially lower DIVBE Availability and that therefore may warrant race, ethnicity, and gender specific remedies in response.

In fact, when looking at detailed business ownership and business owner characteristic information available through the US Census Bureau, it appears many such disparities exist in the Harrisburg region. Specifically, approximately 56,000 observations representing individual US Census long-form respondents were culled to understand self-employment relative to race, ethnicity, and gender, as well as to other potentially explanatory variables such as homeownership, educational attainment, and English language proficiency. Key findings include (see Appendix J):

1. Black self-employment rates lack white self-employment rates in all industry categories relevant to City spend.
2. Asian self-employment rates lack white self-employment rates in all industry categories relevant to City spend except for professional services.
3. Hispanic self-employment is comparable to white self-employment rates in all industry categories relevant to City spend.
4. Female self-employment rates are lower than male self-employment rates across all industry categories relevant to City spend, with a particularly pronounced difference in construction.
5. All racial, ethnic, and gender categories had lower business formation rates than white males, even after controlling for potentially explanatory variables, with Black business formation rate being the most disparate.
6. Homeownership was strongly positive correlated with business ownership, as was speaking a language other than English at home.
7. Household income level had very little correlation with business ownership.
8. Educational attainment appears to have some positive correlation with business ownership, but more educational attainment does not mean higher business formation rates.

These findings are an important backdrop to the Utilization and Availability estimates, for they help describe a landscape in which business formation rates disparate and therefore Availability estimates may be lower than they ought to be if the conditions that lead to disparate business formation rates is alleviated.

### 5.3. Capital Access Analysis

Capital access analyses, like business formation analyses, are useful complements to direct estimates of DIVBE Availability, because they help identify the extent to which discriminatory barriers exist that result in lower DIVBE Availability than should be in place, thus artificially altering the relationship between Utilization and Availability. Business formation analyses represent a direct contribution to this exploration, because they identify whether disparities in business formation rates exist (controlling for other potentially explanatory variables), thus impacting the composition of the pool of businesses available to do business. Similarly, capital access analyses have relevance to this question, because disparities in access to capital to buy a house or finance a business have a direct bearing on people's ability to start, grow, and sustain a business.

At a national level, recent literature clearly indicates the existence of disparities in capital access, particularly for Black-owned businesses. For example, a recent report by the Federal Reserve Banks of Cleveland and Atlanta found that a higher proportion of minority-owned firms were discouraged from applying for financing in the first place, had lower approval rates, and had lower loan amounts approved. All of these outcomes create systemic and race-based differences in capital access and therefore in financial health and operational capacity.<sup>36</sup>

Similarly, a seminal analysis using very granular primary data via the Kauffman Firm Survey yielded a number of troubling findings regarding the existence and consequence of disparate capital access for Black business owners. To begin with, Black owners have worse outcomes than white owners when applying for loans and are three times more likely to not apply because they assume they will be rejected. Further, Black owners have and therefore can only contribute half of their own personal equity to their business relative to white owners, and their access to what is referred to as "inside equity" (i.e., money from family and friends) is one-fifth of that of white owners. This creates disparities in how well-capitalized their businesses are, which has a direct effect on capacity and therefore Availability.<sup>37</sup>

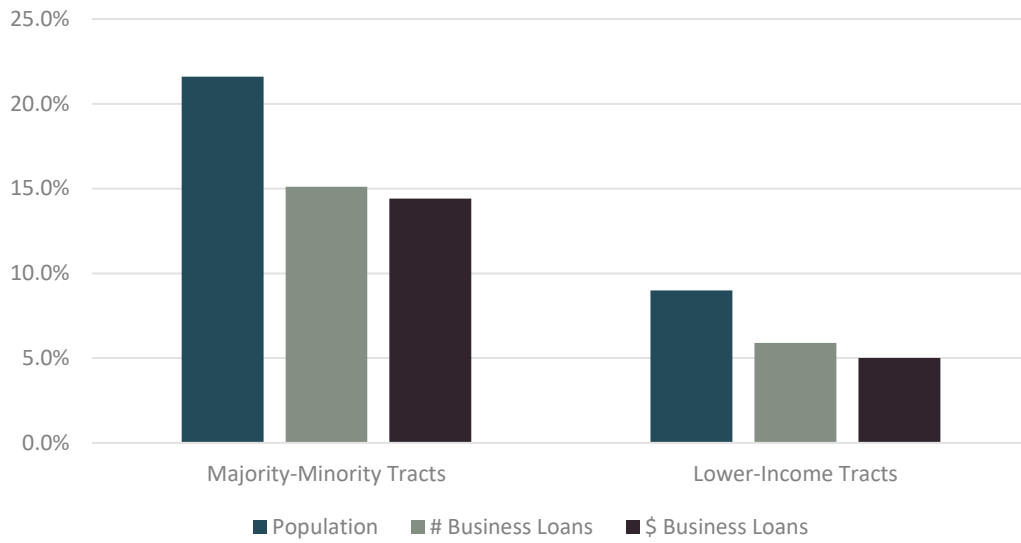
In the region, the outlook is more optimistic, albeit with caution as more study is needed here to fully understand correlations and causations. A review of loan distribution relative to race/ethnicity and income level shows that by and large there are no major disparities in capital access (see Figure 5.1 and Figure 5.2). It does appear that Census Tracts with higher minority populations have slightly fewer business loans, as evidenced by the slightly downward sloping "fit line" proxying the relationship between higher concentrations of minority households and lower numbers of business loans (see Figure 5.3).

---

<sup>36</sup> "2016 Small Business Credit Survey," Federal Reserve Bank of Cleveland (November 29, 2017).

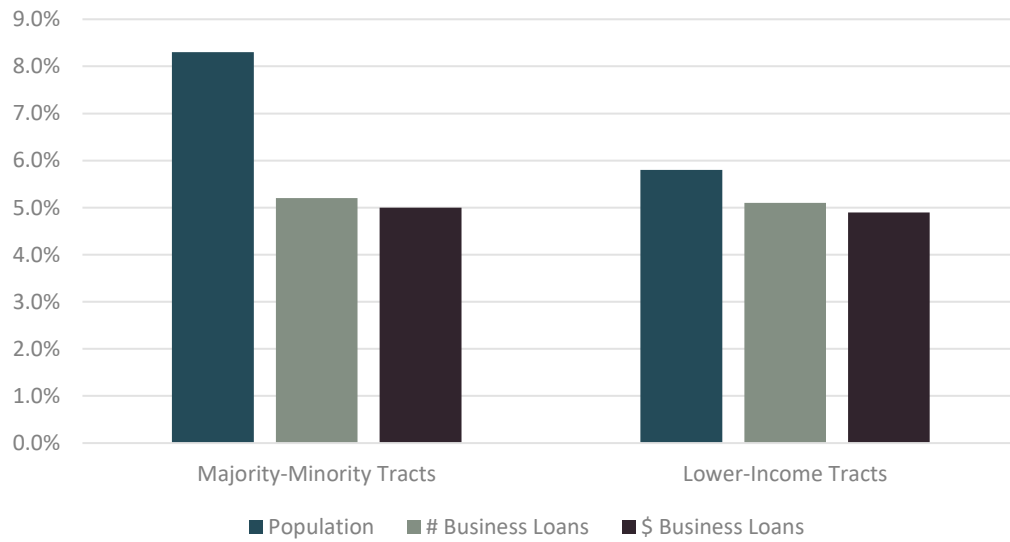
<sup>37</sup> Black and White: Access to Capital among Minority-Owned Startups," National Bureau of Economic Research (November 2020).

Figure 5.1 – Distribution of Business Loans by Predominant Race/Ethnicity of Census Tract



Source: Econsult Solutions, Inc. (2022), Federal Financial Institutions Examination Council (2020)

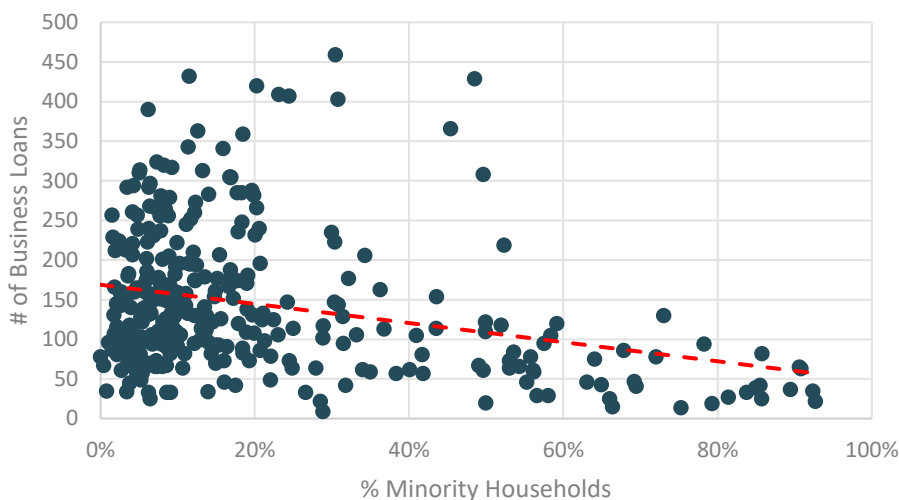
Figure 5.2 – Distribution of Business Loans by Income Level of Census Tract



Source: Econsult Solutions, Inc. (2022), Federal Financial Institutions Examination Council (2020)



Figure 5.3 – Distribution of 2020 Business Loans by Predominant Race/Ethnicity of Census Tract



Source: Econsult Solutions, Inc. (2022), Federal Financial Institutions Examination Council (2020)

## 5.4. Implications

The analyses in this section provide additional support that the City is justified in having race and gender specific interventions in its procurement function. This builds from the quantitative analysis results from Sections 3 and 4, which suggest that Utilization lags behind Availability and thus race and gender specific goals are warranted.

Specifically, it seems that, even after controlling for other potentially explanatory variables that may influence business formation rates, minorities and women still start businesses at a lower rate than others. And the national research and regional data on capital access suggests the existence of persistent disparities in access to personal and business capital. In both cases, this establishes a race and gender specific disparity that supports the need for race and gender specific solutions in response, to overcome these barriers minority and woman owned businesses face in being available for City contracts and in securing and fulfilling City contracts.

Disparity Studies have historically collected anecdotal evidence from business owners themselves, to support existing contentions around the existence of race and gender-oriented discrimination or to surface new contentions. This anecdotal evidence, combined with adjacent analyses, affords an understanding of the existence of discriminatory forces that minorities and women face that impair their ability to start and grow businesses and otherwise access the economic opportunities associated with City contracts. This has the effect of artificially suppressing Availability, and thus also warrants race- and gender-specific responses.

Furthermore, hearing directly from not only business owners in the region but representatives from the City itself, as well as other key stakeholders in the region, further clarifies the climate in which the City procures goods and services and businesses in the region compete for those contract opportunities. The ESI team therefore conducted significant primary research through interviews with business owners in the region, City employees, and other key stakeholders.

This is the basis of the ensuing two sections, from which recommendations can be properly tailored in response in the final section of the report.

## 6. Anecdotal Evidence

### 6.1. Purpose of Anecdotal Evidence Collection

Anecdotal evidence has become an acceptable source for determining race- and gender-specific barriers that warrant race- and gender-specific interventions. Hence, as a supplement to the analyses presented so far in this report, the result of an extensive anecdotal evidence collection effort is presented here. It yields insights and nuances that supplement the conclusions derived from the quantitative analysis conducted for this Disparity Study, and thus serves as critical source material for developing narrowly targeted remedies that will be responsive to contemporary challenges.

This section elaborates on the process by which anecdotal evidence was collected and then highlights a number of recurring themes that emerged from the anecdotal evidence collection. At times, the perceptions felt by regional business owners diverges from what the City desires for itself as a large-scale procurer, helping identify areas of concern for the City to address, whether to change its policies to create a more welcoming environment for all businesses, or alternatively to better message its policies where strong practices are already in place but are not universally known by the businesses the City seeks to engage.

### 6.2. Process

In all, 146 out of 4,563 respondents who completed the survey stated they would be interested in participating in a follow up interview and provided contact information. Given the unforeseen challenges for the study, the team was able to complete a small number but informative follow-up interviews. The results of these interviews are provided in this anecdotal evidence section.

From the surveys, the team completed 25 follow up interviews with companies that identified as minority and/or woman owned firms in business industries in which the City of Harrisburg has spending.<sup>38</sup> This anecdotal evidence, combined with adjacent analyses, affords an understanding of the existence of discriminatory forces that minorities and women face that impair their ability to start and grow businesses and otherwise access the economic opportunities associated with City contracts. This has the effect of artificially suppressing Availability, and thus also warrants race- and gender-specific responses. Furthermore, hearing directly from not only minority and woman business owners in the region but representatives from the City itself, as well as other key stakeholders in the region, further clarifies the climate in which the City procures goods and services and businesses in the region compete for those contract opportunities. The ESI team therefore conducted significant primary research through interviews with business owners in the region, City employees, and other key stakeholders. The interviews included discussions about interviewees' perceptions of and experiences with contracting, knowledge of the procurement process, knowledge of the Harrisburg portal and doing business with the City of Harrisburg.

---

<sup>38</sup> See Appendix K for an itemization of these interviews by race, ethnicity, and gender, as well as by certification status.

Additionally, most of the interviews conducted were with firms who either have not bid on or were not awarded a bid in the past five years. The survey indicated 84 percent of small businesses were interested in doing work with the City of Harrisburg. The average annual gross revenue over the last three years ranged between \$100,000 and \$500,000.

During the interviews, the interviewees stated that they had difficulty securing financing for their businesses. In other areas minority and woman business owners and managers shared a variety of experiences and perceptions which have been categorized into the seven categories below. More notes from anecdotal evidence interviews can be found in Appendix L.

### 6.3. Bid Opportunities and Bid Award

An important set of observations concerned businesses' perception around the accessibility of bid opportunities. Businesses interviewed had the perception that a connection or relationship with a City department or a City employee is necessary to do business with the City of Harrisburg. This perception includes both bid notifications and contract awards. Smaller firms, particularly those owned and operated by racial or ethnic minorities or women, stated that they have difficulty competing on price with larger firms regardless of their qualifications.

Whether or not these things are objectively true, the existence of these perceptions keeps businesses from knowing about, bidding on, or feeling a connection to potential economic opportunities represented by City contracts. This unnecessarily narrows the pool of businesses the City chooses from, which is both sub-optimal for the City as an entity and inequitable in who benefits from the City's spending. Several business owners stated that more clarification and transparency is needed on the bidding process and award decisions, lest they feel that opportunities are inaccessible to them. This appears to be a prevailing sentiment despite extensive existing efforts by the City to communicate bid opportunities and streamline the bidding process.

### 6.4. Connecting and Working with Prime Contractors

Subcontractors and smaller firms, particularly minority- and women-owned ones, expressed difficulty in connecting with majority-owned prime contractors. They would like the opportunity to connect with and build relationships with prime contractors but feel excluded from doing so. Some firms interviewed were frustrated that primes self-perform much of the work or that they cannot find teaming opportunities because primes continually use the same subcontractors.

This leaves small businesses, particularly those owned and operated by racial or ethnic minorities or women, feeling disconnected from the networks that lead to work with the City. While the City does make effort to create networking opportunities for primes and subs to connect, many interviewees expressed the need for a more concerted effort to make such connections.

### 6.5. Payment Delays

The City's past financial difficulties have impacted the trust of local businesses. Several business owners had concerns over milestone billing and the lag time on invoice payment impacting their cash flow.

Additionally, a few firms expressed either the perception that the City is unable or unwilling to pay debts.

This is a particularly crippling perception for the very businesses that are least able to afford carrying costs while awaiting payment from the City. As noted above, inequitable access to credit means many businesses owned and operated by racial or ethnic minorities or women are not in a position to take on significant outlays for a major contract without knowing how long they will have to wait for payment. This has the effect of discouraging some minority- and women-owned businesses from taking on the very contract opportunities that would grow their capacity.

## 6.6. Lack of Local Preference

Several businesses located within the City of Harrisburg have the perception that being located within city boundaries offers no advantage or benefit. They assumed their status as a local firm should mean something to the City when determining who to do business with. Other firms had concerns that the majority of the work was going to national or larger firms located outside of the City.

Minority- and women-owned firms in particular registered dismay that their success as local businesses did not seem to be a priority for City government. The seeming lack of prioritization is then interpreted as the City not necessarily being welcoming of minority- and women-owned firms in its own spending, which is then extrapolated to the city as a location not necessarily feeling like the sort of place where minority- and women-owned businesses can thrive.

## 6.7. Technical Assistance Support

Small businesses have particularly struggled to weather the unprecedented shock caused by the COVID-19 pandemic. Store closures, restricted mobility, unavailable workers, and compromised supply chains have stretched many small businesses, particularly smaller minority- and women-owned businesses with limited capital access, beyond the breaking point. Many interviewees mentioned a relative lack of relief or assistance from the City in response.

In general, many business owners wish the City would be more responsive and available to their plight. Some businesses were unaware of the Harrisburg Business Portal. Several business owners expressed frustration by the lack of response and/or the knowledge of staff to answer contracting questions. It turned them off from feeling that the City was interested in wanting to do business with firms like theirs, that they receive poor or no customer service at the point of need. Hence, despite having access to information via the Harrisburg Business Portal, many businesses were either unaware of the resource or placed more stock in the relative lack of human contact in the form of knowledgeable City staff helping them navigate available resources.

## 6.8. MBE and WBE Certification

Firms who hold MBE, WBE, and/or DBE certifications expressed frustration that certification has not helped with bid awards. It was assumed by these businesses that these certifications would be taken into consideration by the City when making vendor selections. This gets to a core purpose for the

commissioning of this Disparity Study, is to open up the conversation around certified businesses wanting to feel that their certification status is taken into account when the City makes procurement decisions as a signal that City government spending opportunities – and the city economy in general – are open to all businesses.

The frustrations expressed in these interviews provided insight into conflicting perceptions regarding certification. Firms located within the city feel that certification has not given them any advantage in winning contracts. Certified firms located outside the city have the perception that they have not been successful in winning bids because they are not located within the city boundaries. Business owners who may be eligible but are not currently certified cited the lack of certification application assistance, time, and money as the major factors for deterring them from seeking certification, in addition to wondering if certification status made any difference when seeking City work.

Although the City of Harrisburg is not a certifying agency and does not provide direct technical assistance for certification application, the anecdotal evidence received indicates that minority and woman-owned firms, certified or not, feel overwhelmed by the process, do not fully understand the process, or do not understand the advantages and benefits of being certified. This is despite the fact that the City's website does currently contain summary information and links to certification agencies.

## 6.9. How to Improve the Contracting Process

Business owners and managers were also asked if they had any ideas or recommendations on how the City could improve its contracting process. The feedback received is summarized in the Appendix and incorporated into the overall study recommendations.

Much of the feedback provided included a desire for more outreach from the City in the form of informational meetings, forums, workshops, and networking opportunities both with City leaders and with other businesses. The impetus of the outreach recommendations ranged from increased transparency contracting processes to technical assistance for bidding, capacity building, and certification.

This is consistent with the fact that much of the feedback offered in interviews was around lack of outreach by the City rather than complaints about a particular program or policy that needed to be changed. This suggests that, while it may be helpful for the City to institute some new programs and policies or enhance existing ones, it is also important for the City to commit to and invest in customer service touchpoints to create a stronger connection with local businesses.

## 7. Program Review

### 7.1. Internal Review

To supplement its primary research of collecting anecdotal evidence through interviews with businesses in the region, the ESI team also conducted interviews with City employees to gain a better understanding of the existence, merits, and shortcomings of current City programs. Specifically, the ESI team spoke with 10 people representing different parts of City government, with a focus on the procurement function and the department's use of minority and woman owned firms. This outreach pairs a scan of the procurement function from an external perspective (that of firms seeking to do business with the City) with one from an internal perspective (that of City employees directly or indirectly involved in City procurement).

As with Section 6, this section synthesizes a set of interviews into a few overarching themes and is part of the body of observation and insights from which recommendations were developed in Section 8. More notes from these interviews can be found in Appendix M.

### 7.2. Procurement Policy Overview

Under Pennsylvania law, the City of Harrisburg is defined as a city of the third class and is therefore subject to the Commonwealth's mandated base bid threshold currently set at \$21,900. The city has some discretion on setting bid thresholds under the base bid.

Threshold Amount	Minimum Bids	
	Required	Requisition Type
\$0-3,500	1	Not Required
\$3,500-12,499	1	Quote/Estimate/Proposal
\$12,500-21,899	2	Quote/Estimate/Proposal
\$21,900 and above	3	Contract Number (IFB/RFP)

For bids under the \$12,499 threshold, departments are required to seek best value. For bids between \$12,500 and the base bid (currently \$21,900), departments are encouraged to seek quotes from qualified MBE/WBE vendors. All procurements over the \$21,900 threshold require competitive bidding through either a Request for Proposal (RFP) or Invitation for Bid (IFB). All RFPs and IFBs are posted and advertised on PennBid and on the City's Procurement Department website.

Interviews with Harrisburg city staff were also conducted to gain insight into how departments interact with businesses, particularly minority, women, and locally owned companies. Many departments interviewed described similar processes for finding and contracting with businesses for goods and services under the \$21,900 threshold.

### 7.3. Vendor Lists

Departments stated that they obtain vendors for goods and services under the base threshold through current city and department vendor lists and various outreach methods including word of mouth from other departments as well as other vendors. Each department interviewed keeps its own informal vendor or bidder list which includes minority women, and Harrisburg-based businesses. Departments add businesses to their lists if they are available for work and if they meet the department's needs. Some departments use the city's MBE/WBE/DBE vendor list that is compiled by the Mayor's Office. All the departments interviewed agreed that they felt there was no unified or standard city-wide process existing for encouraging the use of minority, women, or local business entities.

### 7.4. Transparency

Several departments expressed concerns regarding the lack of internal and external transparency in how the city conducts business and how contracts are awarded. Departments expressed a desire for an easy and standardized city certification process, including for local Harrisburg-based businesses to assist them in identifying qualified local firms who are minority and woman owned. Several departments stated they need better internal guidance on how to maintain compliance with state and federal procurement laws.

### 7.5. Observations and Insights

City staff were asked to share their ideas for improving the city's contracting system. The primary suggestion that was repeatedly shared was a desire for a unified and consistently updated vendors list of minority and woman owned firms.

Beyond that, people expressed a need for more resources to sustain existing programs and expand into any new ones. They also conveyed a worry about setting expectations that they would then not be able to fulfill.

Recommendations by and insights from departments are incorporated into the overall study recommendations.



## 8. Recommendations

### 8.1. Overview

The results of this Availability analysis provide opportunities for action that the City of Harrisburg can employ through the following recommendations, summarized below in Figure 8.1. These recommendations take in account efforts already underway, however, many of them are longer-term recommendations that require additional resources and staffing not immediately available to the City. Some recommendations encourage the leveraging and development of joint partnerships with local and regional business organizations for resource sharing. Many of these recommendations once implemented will be on-going. Care is given to differentiate race- and gender-specific recommendations emerging from race- and gender-specific challenges, as distinct from race- and gender-neutral recommendations that can also be implemented.

Figure 8.1 – Programmatic Recommendations

<p><b>Transparency/Technology</b></p> <ul style="list-style-type: none"> <li>• Citywide data tracking</li> <li>• Allow “certifiable” designations</li> <li>• Unified diverse supplier directory</li> <li>• Public and interactive version of Disparity Study</li> <li>• Immediate connection with recently certified firms</li> </ul>	<p><b>Business Outreach/Marketing</b></p> <ul style="list-style-type: none"> <li>• Encourage and support certification</li> <li>• Infrastructure for ongoing communications</li> <li>• Outlets for in-person engagement</li> <li>• Supplemental engagement on remote platforms</li> </ul>
<p><b>Technical Assistance</b></p> <ul style="list-style-type: none"> <li>• Connect diverse suppliers into service contract opportunities</li> <li>• More pre-bid meetings</li> <li>• Unbundle larger contracts into smaller opportunities</li> <li>• Feedback opportunities for bidders who don’t win</li> <li>• Forums on the procurement process</li> <li>• Website resources for diverse suppliers</li> </ul>	<p><b>Increase Capacity</b></p> <ul style="list-style-type: none"> <li>• Direct engagement opportunities with department heads</li> <li>• Co-host networking functions with business advocacy groups</li> <li>• Streamline and promote the certification process</li> </ul>

### 8.2. Goals

Race- and gender-specific utilization goals should take into account historical Utilization and Availability levels, and in this case also acknowledge the relative imprecision by which preliminary Utilization and Availability levels have been calculated. But Utilization goals should not be formed solely on that data, but rather should also take other factors into account, such as the adjacent analyses around business formation and capital access, as well as the primary research represented by interviews with business

owners and with City stakeholders. Those other factors help interpret and supplement estimated Utilization and Availability levels.

One frame of reference that may be helpful in approaching Utilization goals is to sort goals into one of three categories:

1. If Utilization is less than Availability, there is a case to be made that Utilization goals should be set so as to catch Utilization up to Availability.
2. If Utilization is greater than Availability, there is a case to be made that Utilization goals should be set so as to aspire to those higher Utilization levels.

In some cases, Utilization goals should be higher than both historical Utilization and Availability levels, if proven discriminatory forces are bringing both Utilization and Availability down such that absent discrimination, they would otherwise be higher.

The goals advanced in this section loosely follow this framework, rather than doing so rigidly. The ESI team acknowledges the inherent imprecision of the estimates being referenced due to data limitations, and accordingly Utilization goals cannot be claimed to be precisely calculated in a formulaic manner. Rather, these goals represent a preliminary attempt to establish levels based on some analysis and synthesis, to be adjusted as needed over time as more and better information is collected.

Figure 8.1 – Recommended Utilization Goals by Diverse Business Category and Contract Type

	<b>Construction</b>	<b>Professional Services</b>	<b>Commodity Goods and Services</b>	<b>All Spend</b>
Black	7%	11%	9%	10%
Hispanic	2%	3%	1%	2%
Asian	1%	3%	4%	3%
Minority	10%	17%	14%	15%
Women	6%	15%	13%	10%
Veteran	N/A	N/A	N/A	N/A
LGBT	N/A	N/A	N/A	N/A
DIVBE <sup>39</sup>	13%	25%	25%	20%

Source: Econsult Solutions, Inc. (2022)

Recall that, in all cases, historical Utilization has lagged historical Availability (i.e. Disparity Ratios are all far less than 1), even after one adjusts for the fact that actual Utilization levels are likely higher than

---

<sup>39</sup> “DIVBE” may be more than the sum of DIVBE sub-categories, because in many cases DIVBE counts are known without knowing what certification those businesses are.

reported due to data limitations. This suggests that Utilization goals should be higher than current Utilization levels, and in some cases far higher if commensurate Availability levels are far higher. Traditionally, one would set Utilization goals at historical Availability levels, but in this case Utilization goals were set at levels approaching but not reaching historical Availability levels. This yields more achievable goal levels and allows for room to adjust goal levels over time based on better estimates of Utilization and Availability and more interventions by the City to improve conditions for diverse businesses.

As noted, all these goals would represent significant increases over current Utilization levels, even if they fall well short of attaining to what are believed to be current Availability levels. They should therefore be considered goal levels that the City should aim to aspire to over time, and it should monitor performance to make sure progress is being made in the direction of these eventual goal levels. The remainder of the recommendations in this section provide additional guidance on actionable steps the City can take to create the conditions to achieve such goals.

### 8.3. Programmatic

In addition to providing preliminary guidance on utilization goals, an important purpose of this first Disparity Study is to offer an initial set of recommended actions the City can take from a policy and programmatic standpoint. Care has been taken to build recommendations from the observations and insights gleaned from the analytical work and anecdotal evidence contained in Sections 3 through 7 of this report. Any recommendations that build upon existing or in process City programs are noted.

These recommendations are written in a way to facilitate the City codifying them into place as an initial set of actions that it can take, from which resulting outcomes and future evaluation can inform any necessary adjustments over time. Note that the recommendations represent a combination of race- and gender-conscious actions as well as race- and gender-agnostic ones, the former being at least preliminarily warranted by the evidence contained in this report and the latter advanced as being helpful to all businesses including diverse suppliers.

#### Transparency/Technology

In accordance with the Harrisburg Strong Plan, the City must move towards creating and implementing systems that codify best procurement practices so that regardless of staff changes or turnover, the system is maintained and progress is pursued. This can include the following recommendations to utilize technology to improve transparency, and thus increase engagement with the regional business community.

**Recommendation 1.1:** Set up procurement process data infrastructure to allow for city-wide data tracking. Work with the vendor selected to help with procurement tracking by designing intake so as to capture the following data points:

- Name, location, NAICS code, contact info, and certification status (if applicable) of all inquiries for bid information.
- Name, location, NAICS code, contact info, and certification status (if applicable) of all bidders.

- Name, location, NAICS code, contact info, and certification status (if applicable) of all selected prime contractors (and, if applicable, their sub-contractors and the contract collar amounts estimated for those sub-contractors).
- Monitoring of purchase orders created, and payments processed to prime contractors, relative to amounts awarded.
- Mechanism for prime contractors and sub-contractors to self-report amounts paid from prime contractors to sub-contractors, relative to amounts estimated for those sub-contractors in the initial bid).

*Status:* This recommendation is already in process and is expected to be completed in early 2023.

**Recommendation 1.2:** Continue to provide the opportunity for vendors, contractors, and subcontractors to self-identify if they are minority or women-owned but not certified as such. Create an internal tracking mechanism to identify prime contractors and sub-contractors who are potentially “certifiable” but do not currently hold a minority, women, or local business certifications. Develop a list of and connection to certifying bodies from which additional diverse businesses can be identified and noted for future outreach and for future Disparity Study calculations.

*Status:* This recommendation is already in process in conjunction with the procurement process data recommendation and is expected to be completed in early 2023.

**Recommendation 1.3:** Develop a unified diverse supplier directory from the City’s own information as well as other publicly available supplier diversity directories. The businesses contact list developed from the anecdotal survey can be used as a base directory, however it needs to be maintained over time for relevant businesses Availability. The vendor list should be translated into a publicly available database on the City’s website that can be queried by certification status, industry code, and geography.

*Status:* This recommendation is already in process in conjunction with the procurement process data recommendation and is expected to be completed in early 2023.

**Recommendation 1.4:** Translate Disparity Study findings into a publicly accessible and user-friendly dashboard whereby citizens and officials alike can call up information on past performance. overall as well as by spending type, certification type, and geography. This dashboard can be integrated with current dashboard that is being implemented by the City of Harrisburg.

*Status:* To be discussed within the City upon completion of this Disparity Study and scoping of future Disparity Studies.

**Recommendation 1.5:** When a business seeks certification as a diverse supplier, have them meet with City officials to ascertain whether the goods and/or services that they supply are of interest to the City. This can be achieved either through one-on-one meetings or through business outreach efforts or certification workshops in partnership with community and local business advocacy groups; in fact, having multiple venues is recommended to maximize inclusivity and help convey engagement.

*Status:* The organizational infrastructure is already in place to conduct these check-ins so the City is well-positioned to institutionalize this commitment to business engagement.

## Business Outreach/Marketing

Primary research efforts conducted during this Disparity Study effort engendered significant enthusiasm and goodwill, which indicates a desire and need for active ongoing engagement. Outreach and marketing to regional businesses should take many forms as delineated below, to make sure existing information and programmatic infrastructure is accessible to regional businesses and to foster a perception of openness and opportunity.

**Recommendation 2.1:** Continue to work with existing community and civic groups, particularly those who serve minority- and women-owned businesses, to encourage associated businesses to seek certification through the City with the goal to increase Availability. This sends a powerful message to the regional business community that the City is interested in doing business with all firms.

*Status:* This was an on-going effort that was put on hold during the COVID 19 pandemic. The City can restructure this program so that it aligns with other recommendations and on-going efforts in outreach and technical assistance.

**Recommendation 2.2:** Regular correspondence with and support infrastructure for businesses that do business or want to do business with the City. This includes providing regular announcements of business services available and upcoming procurement opportunities.

*Status:* This is an existing program that needs more frequent promotion by the City and its partners so that new and growing businesses are made aware of the City's services and contracting opportunities.

**Recommendation 2.3:** Parlay the primary research efforts from this Disparity Study – namely the survey and ensuing one-on-one interviews – into various ongoing in-person opportunities for engagement between the region's business community and City procurement. This effort can be used to directly address questions and concerns raised by the business community. In turn, the engagement can provide an opportunity for the City to address real and perceived barriers for businesses, especially among businesses owned and operated by racial or ethnic minorities or women.

*Status:* Much of the institutional infrastructure to implement this recommendation is in place, and only requires a stated commitment to more business engagement. One way to achieve this is through a series of topic-specific meetings or forums that address concerns around transparency, contracting and bidding procedures, and certification.

**Recommendation 2.4:** Create, in parallel with above, asynchronous and anonymous mechanisms to solicit feedback on doing business with the City and doing business in the city (e.g., virtual suggestion box, online bulletin board, complaint hotline).

*Status:* The City has some of this in place already and therefore can build from those existing mechanisms to create and promote multiple channels for feedback.

## Technical Assistance

In both surveys and follow-up interviews, concerns were raised regarding the need for support to navigate the City's bidding and contracting processes. There are several perceptions driving these concerns including relationships, business location, and the decision-making process. The survey and interviews indicate confusion or lack of understanding around the city's bidding process and requirements which may be acting as barriers to participation. The City had previously held regular forums and workshops for businesses but has been unable to do so recently due to the COVID 19 pandemic and constrained resources.

**Recommendation 3.1:** Review present procurement practices to determine which contracts are offered via competitive bid or via personal service contracts. Encourage those seeking personal service contracts to select diverse partners to immediately increase the Utilization of diverse suppliers on their contracts. Make that Utilization part of the evaluative criteria for their selection for personal service contracts.

*Status:* Much of this recommendation is already in place through various City policies and mechanisms, so a concerted promotional effort to publicize opportunities and educate businesses will likely yield much progress.

**Recommendation 3.2:** Host more pre-bid meetings prior to the awarding of City contracts for construction, goods, and services. This would afford diverse suppliers additional opportunities to meet potential prime contractors and develop teaming arrangements. Pre-bid meetings also provide the opportunity for subcontractors to better understand the procurement, bidding requirements, and provide transparency and insight into the City's procurement procedures. The question-and-answer period for bids should be of sufficient length for contractors and subcontractors to adjust bid responses accordingly well ahead of the bid submission date.

*Status:* The City already implements pre-bid meetings, so this recommendation is to increase the number and frequency of pre-bid meetings so that local diverse contractors, consultants, and suppliers can better understand the procurement process, ask questions, and make connections with other companies. Particularly given most people's comfort level with video calls, there is a lower barrier to entry for having multiple opportunities for people to receive information on and have engagement around a contract opportunity.

**Recommendation 3.3:** For any procurement over \$12,500 which may typically contain multiple goods, services, or multiple trades, consider options for multiple procurements or reducing the size of procurements where feasible. This will provide more procurements that are accessible to diverse suppliers who can secure the requisite financing, insurance, and bonding to be competitive. Given disparate capital access, unbundling larger opportunities into smaller ones has the effect of making them more accessible to a broader pool of bidders, particularly smaller businesses and particularly businesses owned and operated by racial or ethnic minorities or women.

*Status:* The City currently has some efforts to unbundle larger contracts, upon which a more systematic effort to seek out more, smaller, and diverse businesses can be built.

**Recommendation 3.4:** Create a mechanism, such as a survey, feedback phone call or meeting, for businesses, particularly for minority, women, and Harrisburg based businesses, who are not selected to participate in a City bid or RFP to receive feedback on what they need to do to be more competitive. This can also provide the City with additional insight into any hidden barriers to participation within the bid documents, such as confusing instructions, conflicting requirements, excessive qualifications, or insurance and bonding thresholds.

*Status:* This is a crucial action step that the City can implement given sufficient staffing, and that simultaneously seizes an opportunity for business engagement while obtaining invaluable insight as to what barriers firms perceive they face in accessing City contracts.

**Recommendation 3.5:** Re-engage in holding quarterly forums in conjunction with the Office of Purchasing to provide information and tutorials on how to register and navigate the city's procurement system, how to search for bid opportunities, share information on upcoming or potential bid opportunities, and to answer questions regarding bidding requirements. From these sessions, continue to compile and update the existing Frequently Asked Questions (FAQs) section on the Procurement web page as a business education tool.

*Status:* Due to resource constraints and the COVID 19 pandemic, the quarterly forums were put on hold. The City should consider re-starting these forums in 2023 as a platform for engagement and information sharing.

**Recommendation 3.6:** Provide a detailed explanation on the City of Harrisburg website regarding the different types of certifications and programs including more information on the benefits of certification. Organize forums for MWDSBEs and local firms to learn about the types of certifications and requirements, to connect with certifying agencies, and to ask questions about the certification process and certification maintenance. Along with widespread advertisement of any forums, those businesses identified in the City's database as "certifiable" should be specially encouraged to attend.

*Status:* In addition to providing requested information, the existence of these efforts sends a strong message that the City is willing to take the necessary steps to be open to doing business with all firms, including those owned and operated by racial or ethnic minorities or women. This can be accomplished using existing staffing and infrastructure as supplemented by any necessary new investments to ensure sustained capacity.

### Increase Minority, Women, and Locally Owned Business Availability and Capacity

Responses to the survey and interviews indicate that businesses in the Harrisburg area are struggling with capacity, particularly in the first five years of being in business. The following recommendations are designed to increase the availability and capacity of diverse suppliers, strengthening the pool of businesses the City can choose from for its good and service needs.

**Recommendation 4.1:** Provide opportunities, either in-person or virtually, for businesses to meet with department leaders at least semi-annually. The results of the survey and interviews indicate that existing programs to assist minority, women, and locally owned businesses offered through the City of Harrisburg and its partners are not as widely known as expected. This recommendation is of particular benefit to smaller businesses and especially minority- and women-owned businesses, since unlike larger businesses these firms often lack the ability to have internal research departments or direct access to the highest levels of public sector spending decision-making power.

*Status:* The City currently has organizational infrastructure in place to gather and otherwise make available its department heads who have spending authority, so it is recommended that those mechanisms be used to make those decision-makers accessible to regional businesses.

**Recommendation 4.2:** Continue to build partnerships with business-related organizations to re-start co-sponsored regular forums where prime and subcontractors can meet and network. An effective practice is to set up ‘five minute speed dating’ sessions where subcontractors can pitch their capabilities one-on-one with prime contractors.

*Status:* The emergence from COVID restrictions presents an opportunity for the City to recommit to and publicize sustained efforts to convene businesses for the purpose of matchmaking primes and subs, creating partnership opportunities, and otherwise creating on-ramps for small and minority- and woman-owned businesses.

**Recommendation 4.3:** Once the City makes a final determination on which certifications will be accepted and what the process will be, there should be an active and continuing effort with ethnic chambers, industry organizations, and community groups to promote these Programs. The application process for the City to accept certifications should be simple and easy for both businesses and the City.

*Status:* Information currently exists on the City website and will need to be updated as needed, along with a broader promotional effort that takes the final determination of certifications to be monitored as an opportunity for deeper engagement with diverse suppliers.

## 8.4. Data Collection

Given that this is the City’s first attempt at a Disparity Study, and in light of many facets of data availability issues, all recommendations are advanced as preliminary concepts that appear to be supported by the evidence in this report but that future efforts will help inform any useful adaptations. These characteristics also suggest that the City would benefit from a set of recommendations on how to improve data and analytics in the future, so as to provide the opportunity to better substantiate the City’s procurement performance as well as the conditions businesses face. In that spirit, the recommendations below are provided as suggested action steps to take to improve the City’s use of diverse suppliers and its understanding of the climate in which diverse suppliers operate.



1. Set up procurement process data infrastructure to allow for tracking of pertinent information and make sure to work with the vendor selected to help with procurement tracking to capture the following data points:
  - Name, location, NAICS code, contact info (both phone and email), and diversity certification status (if applicable) of all inquiries for bid information.
  - Name, location, NAICS code, contact info (both phone and email), and diversity certification status (if applicable) of all bidders.
  - Name, location, NAICS code, contact info (both phone and email), and diversity certification status (if applicable) of all selected prime contractors (and, if applicable, their sub-contractors and the contract collar amounts estimated for those sub-contractors).
  - Review documents establishing agreements between prime contractors and their subs for contracting purposes. Those documents should be reviewed prior to awarding any contracts.
  - Provide a listing of the efforts made by prime contractors to ensure the participation of diverse suppliers on bid packages promulgated by the City of Harrisburg. Those reports should be sent to City officials prior to the awarding of any contracts.
  - Monitoring of purchase orders created, and payments processed to prime contractors, relative to amounts awarded.
  - Mechanism for prime contractors and sub-contractors to self-report amounts paid from prime contractors to sub-contractors, relative to amounts estimated for those sub-contractors in the initial bid).
2. Regular correspondence with and support infrastructure for businesses that do business or want to do business with the City (which entails keeping a database and having resources/services). This should include at a minimum quarterly virtual or in-person meetings with City officials.
3. Develop a list of and connection to certifying bodies from which additional diverse businesses can be identified and noted for future outreach and for future Disparity Study calculations.
4. Develop a unified and online diverse supplier directory from the City's own information as well as other publicly available supplier diversity directories (the one the ESI team provided can be a start to this but it needs to be maintained over time, and it needs to be translated into something that can be made publicly available as well as queried by certification status, industry code, and geography).
5. Purchase a subscription to a data set of business contact information for the counties and industry codes of interest to the City.
6. Make a commitment to provide the City of Harrisburg community with an annual report on the utilization goals and actual utilization of diverse suppliers on bids and procurements promulgated by the City. Post those results in a prominent place on the City's social media and print outreach postings.

Many of these recommendations can be folded into the concurrent effort taking place by the City to strengthen its procurement software. It is therefore imperative to embed these tracking functions into this new data platform, and to seize the opportunity to publicly and consistently promote itself as a place that is open for business for all.

## 8.5. Looking Ahead

The city of Harrisburg economy is rebounding from recent challenges, and new leadership in City government is poised to navigate the contemporary landscape in ways that build from strength and address lingering areas of concern. Importantly, and befitting a broader trend in economic development throughout the country, the path forward envisioned by City leaders trains an eye on the importance of ensuring inclusive access to economic opportunity, since the regional economy will thrive to the measure that all of its businesses are activated in participating.

This initial Disparity Study therefore comes at a time when its findings are of particular importance to inform the way forward. The City's initial performance serves as a benchmark against which future performance can be catalyzed and identifies specific areas of opportunity for emphasis and improvement. And the observations, insights, and recommendations contained in this report serve as a preliminary blueprint to move in the direction of, adjusting along the way based on future performance and future evaluation.

Looking ahead, the City faces the same moment many other cities in the state and nation face, which is the opportunity for great progress and the threat of stagnancy or worse. Building from areas of strength, and shoring up places of concern, City leaders can set a course that will yield a regional economy that is both thriving and inclusive.

## 9. Appendices

### Appendix A - Group Outreach List

Figure A.1 – Full list of Advocacy Groups Contacted

African American Chamber of Commerce of Central PA	Keystones Oral Histories
Alder Health Services, Inc.	Latino Connection
Amani Festival Committee	Messiah University
Asian Indian Americans of Central Pennsylvania	Monumental A M E Church
Berrysburg - Mifflin Township Association	National Black MBA of Greater Harrisburg Chapter
Bethany AME Church	New Jerusalem AME Zion Church
Bethel AME Church (Harrisburg, PA)	Pennsylvania Chamber of Business and Industry
Bethel AME Church (Marietta, PA)	Pennsylvania Commission on LGBTQ Affairs
Bethel AME Church (York, PA)	Pennsylvania Diversity Coalition
Big Brothers/Big Sisters of the Capital Region	Pennsylvania Minority Bar Committee
Brethren Housing Association	Pennsylvania Minority Bar Committee
Chinese Cultural and Arts Institute	Saint James African Methodist Episcopal Church
Ebenezer African Methodist Episcopal Church	Saint Paul AME Church
Enginuity LLC	Small Memorial A M E Zion Church
Family Promise of Harrisburg Capital Region	St John's A M E Church
Governor's Advisory Commission on African American Affairs	The ARC of Pennsylvania
Governor's Advisory Commission on Asian American Affairs	The Central Pennsylvania Korean Heritage
Governor's Advisory Commission on Latino Affairs	The Dearden Foundation
Harrisburg Area Tamil Sangam	The Foundation for Enhancing Communities
Harrisburg Gujarati Association	The Human Zone, LLC.
Harrisburg Organization for Minority Enrichment	The Urban Connection
Harrisburg Vet Center	ThistleSea Business Development
John Wesley AME Zion Church	United Way of the Capital Region
Keystone Business Alliance – Central PA's LGBT Chamber of Commerce	Unity in Diversity Foundation
Keystone Human Services	Vista Autism Services
	VOCE
	WCI Partners
	Young Professionals of Color Harrisburg

## Appendix B - Historical City Spend by County

Figure B.1 – Distribution of FY 2017 to FY 2021 City of Harrisburg Spend by County Location of Vendor

<b>County</b>	<b>\$M in Spend</b>	<b>% of Total</b>	<b>Cumul % Total</b>
Dauphin County	\$36,891,803	24.9%	24.9%
Adams County	\$28,906,418	19.5%	44.3%
Lancaster County	\$15,361,473	10.4%	54.7%
Cumberland County	\$8,482,968	5.7%	60.4%
York County	\$6,366,277	4.3%	64.7%
Somerset County	\$3,858,502	2.6%	67.3%
Riley County	\$3,052,676	2.1%	69.3%
Perry County	\$2,876,710	1.9%	71.3%
Baltimore County	\$2,795,809	1.9%	73.2%
Philadelphia County	\$2,759,278	1.9%	75.0%
Dupage County	\$2,597,760	1.8%	76.8%
Cook County	\$2,504,194	1.7%	78.5%
Chester County	\$2,229,807	1.5%	80.0%
Lebanon County	\$1,848,052	1.2%	81.2%
Montgomery County	\$1,790,038	1.2%	82.4%
Allegheny County	\$1,711,708	1.2%	83.6%
Cuyahoga County	\$1,688,795	1.1%	84.7%
Delaware County	\$1,461,281	1.0%	85.7%
Jackson County	\$1,145,918	0.8%	86.5%
NA	\$1,040,580	0.7%	87.2%
Berks County	\$907,904	0.6%	87.8%
Los Angeles County	\$875,378	0.6%	88.4%
Washington County	\$836,615	0.6%	88.9%
Dallas County	\$813,272	0.5%	89.5%

Harrisburg Disparity Study for the City of Harrisburg: **Error! No text of specified style in document.**  
October 31, 2022

<b>County</b>	<b>\$M in Spend</b>	<b>% of Total</b>	<b>Cumul % Total</b>
Wake County	\$772,610	0.5%	90.0%

*Source: Econsult Solutions, Inc. (2022)*

## Appendix C - Historical City Spend by Industry

Figure C.1 – Historical City Spend by NAICS Code and Contract Type

NAICS	Contract type	Spend
11	Commodity goods and Services	\$0
22	Professional Services	\$1,700
23	Construction	\$71,568,242
31-33	Commodity Goods and Services	\$30,323,728
42	Commodity Goods and Services	\$2,010,096
44-45	Commodity Goods and Services	\$1,166,026
48-49	Commodity Goods and Services	\$927,127
51	Professional Services	\$614,182
52	Professional Services	\$231,144
53	Professional Services	\$886,067
54	Professional Services	\$15,406,548
55	Professional Services	\$0
56	Commodity Goods and Services	\$3,023,912
61	Professional Services	\$1,353,575
62	Commodity Goods and Services	\$0
71	Commodity Goods and Services	\$507,378
72	Commodity Goods and Services	\$0
81	Commodity Goods and Services	\$9,242,310
92	Public Administration <sup>40</sup>	\$368,502
NA	Unclassified	\$10,782,201

Source: Econsult Solutions, Inc. (2022)

---

<sup>40</sup> NAICS Code 92 is classified as Public Administration by the North American Industry Classification System (NAICS) which does not fall into any of the Construction, Professional Services, or Commodity Goods and Services categories. Therefore, Public Administration spend has been included in the Unclassified category.

## Appendix D - City Employee Interviewee List

- Office of the Mayor – Singleton, Karl (Chief Equity and Compliance Officer)
- Department of Finance – Kelley, Marita (Director)
- Office of Purchasing – Greene, Hillary (Procurement Services Manager)
- Office of the City Solicitor – Grover, Neil (City Solicitor)
- Bureau of Economic Development – Graves, Jason (Business Development Director)
- Department of Parks, Recreation, and Facilities – Baker, David (Director)
- Bureau of Fire – Enderline, Brian (Chief)
- Bureau of Information Technology – Bortner, Steven (Director)
- Department of Building and Housing, Housing Rehabilitation Program – Burnett, Ray (Project Director for Construction)
- Department of Building and Housing, Lead Safe Program – Olsen, David (Project Manager)

## Appendix E - Availability Analysis Detail (Custom Census)

Figure E.1 – Estimated DIVBE Availability for City of Harrisburg Government Spend by DIVBE Category and Contract Type, Based on Custom Census of Relevant Businesses in 5-County Region (Survey ~150 Respondents)

	<b>Construction</b>	<b>Professional Services</b>	<b>Commodity Goods and Services</b>
# Respondents	38	74	34
Black	11	30	10
Hispanic	2	7	0
Asian	1	7	2
Minority	20	59	16
MBE	6	15	4
Women	14	44	29
Certified WBE	6	12	10
Certified VBE	2	1	1
Certified LGBTE	N/A	N/A	N/A
DIVBE	18	29	15

Source: Econsult Solutions, Inc. (2022)



## Appendix F - Availability Analysis Detail (Federal Sources)

Figure F.1 – Estimated DIVBE Availability for City of Harrisburg Government Spend by DIVBE Category and Contract Type, Based on Custom Census of Relevant Businesses and Publicly Available Data in US Census Bureau in 5-County Region

	<b>Construction</b>	<b>Professional Services</b>	<b>Commodity Goods and Services</b>	<b>Total</b>
# All Firms w/ Employees	3,327	4,595	15,577	23,499
Minority	36	205	1,411	1,652
Black	9	65	170	244
Hispanic	29	30	178	237
Asian	0	74	913	987
Women	280	850	2,795	3,925
Veteran	N/A	N/A	N/A	0
LGBT	N/A	N/A	N/A	0
Diverse	316	1,055	4,206	5,577

Source: Econsult Solutions, Inc. (2022)

## Appendix G - Utilization Analysis Detail

Figure G.1 – Dollar Value for Utilization of DIVBEs Based in the US in City of Harrisburg Government Spend by DIVBE Category and Contract Type

	<b>Construction</b>	<b>Professional Services</b>	<b>Commodity Goods and Services</b>	<b>Unclassified</b>	<b>Total</b>
\$ All Spend	\$67,944,203	\$14,537,895	\$47,447,120	\$10,079,351	\$148,412,738
MBE	\$81,826	\$295,100	\$5,659,403	\$0	\$6,036,329
Black	N/A	N/A	N/A	N/A	N/A
Hispanic	N/A	N/A	N/A	N/A	N/A
Asian	N/A	N/A	N/A	N/A	N/A
WBE	\$37,721	\$1,063,703	\$1,791,034	\$45,796	\$2,938,254
VBE	N/A	N/A	N/A	N/A	N/A
LGBTBE	N/A	N/A	N/A	N/A	N/A
DIVBE	\$1,283,501	\$1,483,215	\$7,601,572	\$47,100	\$10,415,388

Source: Econsult Solutions, Inc. (2022)

Figure G.2 – Dollar Value for Utilization of DIVBEs Based in the 5-County Region in City of Harrisburg Government Spend by DIVBE Category and Contract Type

	<b>Construction</b>	<b>Professional Services</b>	<b>Commodity Goods and Services</b>	<b>Unclassified</b>	<b>Total</b>
\$ All Spend	\$67,944,202.94	\$14,537,894.63	\$47,447,119.79	\$10,079,351.40	\$148,412,738.47
MBE	\$81,826.00	\$0.00	\$5,659,403.32	\$0.00	\$5,741,229.32
Black	N/A	N/A	N/A	N/A	N/A
Hispanic	N/A	N/A	N/A	N/A	N/A
Asian	N/A	N/A	N/A	N/A	N/A
WBE	\$0.00	\$851,179.10	\$221,084.46	\$23,000.00	\$1,095,263.56
VBE	N/A	N/A	N/A	N/A	N/A
LGBTBE	N/A	N/A	N/A	N/A	N/A
DIVBE	\$1,172,965.00	\$890,591.10	\$6,028,772.88	\$24,304.00	\$8,116,632.98

Source: Econsult Solutions, Inc. (2022)

## Appendix H - Disparity Analysis Detail

Figure H.1 – Disparity Ratio for City of Harrisburg Government Spend by DIVBE Category and Contract Type

	Construction	Professional Services	Commodity Goods and Services	All Spend
<b>MBE</b>				
Utilization	0.12%	0.00%	11.93%	3.87%
÷ Availability	15.00%	25.00%	15.00%	20.00%
= Disparity	0.01	-	0.80	0.19
<b>Women</b>				
Utilization	0.00%	5.85%	0.39%	0.70%
÷ Availability	10.00%	20.00%	20.00%	15.00%
= Disparity	0.00	0.29	0.02	0.05
<b>Diverse</b>				
Utilization	1.72%	6.13%	12.71%	5.45%
÷ Availability	20.00%	35.00%	35.00%	30.00%
= Disparity	0.09	0.18	0.36	0.18

## Appendix I - Business Formation Analysis Detail'8

Figure I.1— Self-Employment Rates by Race/Ethnicity/Gender by Industry for Labor Force Participants in Harrisburg Region

<b>NAICS</b>	<b>White</b>	<b>Black</b>	<b>Asian</b>	<b>Hispanic</b>	<b>Two or More</b>	<b>Other</b>	<b>Male</b>	<b>Female</b>
23	21.90%	3.30%	4.00%	29.20%	10.90%	24.40%	22.20%	11.50%
33	4.10%	0.00%	0.20%	8.90%	0.00%	4.60%	4.20%	2.90%
42	6.20%	2.30%	0.00%	22.10%	3.90%	0.00%	7.30%	2.90%
52	4.70%	0.00%	0.00%	8.50%	0.00%	0.00%	9.90%	1.20%
53	27.60%	3.80%	1.00%	60.60%	0.00%	6.70%	30.00%	21.10%
54	17.80%	0.00%	17.90%	37.40%	6.60%	58.40%	20.40%	14.00%
56	17.80%	6.30%	0.00%	13.10%	9.80%	29.90%	17.60%	15.40%
62	4.00%	2.50%	7.80%	0.20%	0.50%	8.20%	5.30%	3.60%
81	23.70%	5.30%	30.80%	24.40%	9.70%	23.30%	20.80%	25.20%
<b>Total</b>	<b>12%</b>	<b>3%</b>	<b>10%</b>	<b>14%</b>	<b>5%</b>	<b>15%</b>	<b>15%</b>	<b>8%</b>

Figure I.2– Regression Analysis Results for Determining Self-Employment Probabilities by Race, Ethnicity, and Gender for Labor Force Participants in Harrisburg Region

~56,000 observations

<b>Variable</b>	<b>Estimate</b>	
Constant	-3.617	***
Black	-0.866	***
Asian	-0.626	***
Hispanic	-0.26	*
Two or More Races	-0.939	***
Other Race	-0.171	
Sex	-0.547	***
Owns Home	0.432	***
Personal Income (\$0,000s)	0.052	***
High School Graduate or Equivalent	0.631	***
Some College	0.49	***
Bachelors Degree	0.527	***
Advanced Degree	0.299	***
Language Other than English Spoken at Home	0.885	***

## Appendix J - Capital Access Analysis Detail

Figure J.1– Distribution of Business Loans by Predominant Race/Ethnicity of Census Tract

<b>Dauphin County</b>	<b>Census Tracts that are Majority-Minority</b>	<b>Census Tracts that are Majority-Majority</b>
% of Population	21.6%	78.4%
% of # Business Loans	15.1%	84.9%
% of \$ Business Loans	14.4%	85.6%
<b>5-County Region</b>	<b>Census Tracts that are Majority-Minority</b>	<b>Census Tracts that are Majority-Majority</b>
% of Population	8.3%	91.7%
% of # Business Loans	5.2%	94.8%
% of \$ Business Loans	5.0%	95.0%

*Source: Econsult Solutions, Inc. (2022), Federal Financial Institutions Examination Council (2020)*

Figure J.2– Distribution of Business Loans by Income Level of Census Tract

<b>Dauphin County</b>	<b>Lower-Income Census Tracts</b>	<b>Middle- and Moderate-Income Census Tracts</b>	<b>Upper-Income Census Tracts</b>
% of Population	9.0%	70.8%	20.2%
% of # Business Loans	5.9%	72.2%	21.9%
% of \$ Business Loans	5.0%	76.4%	18.5%
<b>5-County Region</b>	<b>Lower-Income Census Tracts</b>	<b>Middle- and Moderate-Income Census Tracts</b>	<b>Upper-Income Census Tracts</b>
% of Population	5.8%	76.7%	17.6%
% of # Business Loans	5.1%	76.0%	18.5%
% of \$ Business Loans	4.9%	77.0%	18.1%

Source: Econsult Solutions, Inc. (2022), Federal Financial Institutions Examination Council (2020)



## Appendix K – Anecdotal Evidence Interviewee Distribution

Figure K.1 - Distribution of Interviewees for Anecdotal Evidence Collection, by Race/Ethnicity/Gender and Certification Status

<b>Category</b>	<b>Minority</b>	<b>Woman</b>	<b>Minority and Woman</b>
MBE Certified	11	12	8
WBE Certified	8	12	8
DBE Certified	0	2	0
Not Certified (MBE, WBE, or DBE)	5	8	5
Local Business Enterprise (LBE)	0	0	0
Veteran (VSOB)	0	2	0

Source: Econsult Solutions, Inc. (2022)

## Appendix L- Anecdotal Evidence Detail

### ***Bid opportunities and bid award:***

- The bid process is onerous and [too] confusing to be worth pursuing.
- Additional clarification on the bidding process or how decisions are made to award contracts.
- The requirements to respond to RFPs are extremely complicated and time consuming.
- Larger contractors received large PPP loans giving them the advantage to submit low bids and win contracts. We cannot compete with the larger companies or “household name” same contractors.
- Larger businesses have more connections and are given preference in bids over smaller firms.
- The City has limited opportunities to contract for specialty services.
- We submit bids but do not receive a response on the bid status. Seems some bids just disappear and are not awarded and never follow-up on to bring closure.
- RFPs are not priced appropriately and result in underfunding and therefore underpaying MBEs. MBEs are not paid what we are worth.
- We have submitted bids and are a qualified WBE but are never selected. This forces small businesses to seek opportunities outside of the city of Harrisburg.
- Opportunities are not posted or communicated where small businesses are able to participate in the process. Multiple business owners stated that through insider knowledge is the only way you learn of the available bids.
- All contract awards seem to come down to price and it does not matter how qualified you are.
- It is too difficult to win bids and understand how decisions to award contracts are made. Being certified as MBE does not seem to help at all.
- Unsure if there is fairness in the bidding process and how contracts are awarded.
- Small businesses must compete directly with larger businesses and being certified by the city does not seem to give us any advantage.
- Would like to do business with the city but do not know where to start.

### ***Connecting with and working with prime contractors:***

- It has been challenging to win work as a small firm compared to some of the larger firms that compete for the same technical work.
- We want to grow from a subcontractor to a prime but are having difficulty finding a prime we can be a protégé with.

- Hard to find contracts as a sub consultant; primes have established relationships and use the same sub-consultants.

***Payment on invoices from City or from the prime contractor takes too long:***

- Do not trust the city's willingness to pay their debts
- Milestone billing is particularly challenging for a small business as cash flow is crucial to daily operations.
- The city takes too long to pay invoices, which makes it difficult to manage other contracts and or continue to pursue opportunities and bids.

***Business location:***

- Usually, large national firms are selected instead of the awards going to smaller, local firms.
- Have a business in the city for almost 15 plus years, pay city taxes, and I am unable to secure a bid award with the city. It is deflating when you know that you are qualified and have the certifications and pay city taxes and the opportunity is given to a larger out of state company or a familiar face/contractor that performed work before for the city.

***Technical assistance or employee issues:***

- We are having difficulty finding qualified employees due to Covid-19.
- I cannot get answers to my business and contracting questions or even a return phone call from any city representatives.
- Not aware of the city of Harrisburg Business Portal.
- No one individual department is knowledgeable to walk a small business through the process successfully without being bounced from one department to another.

***MBE and WBE Certification:***

- Do not feel as though being certified has helped us win bids but we are not within the city of Harrisburg.
- Do not understand the certification process, a tutorial would be helpful to introduce the various phases it takes to navigate the process.
- Takes too much time and paperwork to apply and to ultimately be rejected.

**Recommendations for improving contracting opportunities:**

- Provide opportunities through well-advertised workshops to meet with decision makers on contracts and open dialogue on the various opportunities and services needed in the city.
- Provide more networking opportunities between subcontractors, primes, and city decision makers to bridge the gap in communication and understand how the system works and how small business can showcase their services.
- Offer smaller contracting opportunities so there is less completion from larger businesses.
- Utilize talent from within the city through hosting opportunity fairs and or information events.
- More local small business seminars on technical assistance in growing your business, bidding on opportunities, and how to win contracts with the city.
- Provide information and transparency on how bid process and how awards are made and why a contractor was selected or not selected. Closure within the process.
- Simplify the bidding process (streamline the amount of paperwork within the process.
- Build and advertise a small business city directory for the “Hilton Hotels” and larger companies can utilize small business opportunities/services within the city.
- Create a dedicated and knowledgeable office/department to assist new minority businesses in their first five years.
- Create a small business blog where holistic ideas, opportunities and wealth of information can be shared to keep everyone informed.
- Would like to see a media post or small business news feed weekly inclusively for small business opportunities within the city of Harrisburg.
- Give preference in all bids to certified businesses located in the city.
- Explain the advantages and benefits of being certified and how it can help achieve success.
- Build an active mentorship program for small businesses to have opportunities to minimize the learning curve for new small business owners.

## Appendix M - Internal Review Detail

### Interview #1

1. Do city contracts currently include any goals (federal, state, or city) or incentives for the use of minority, women, or locally owned businesses? If yes, are you involved in the setting of those goals/incentives?
  - They did but there was a challenge to the old ordinance. There was a lack of any data to support goals. That has prompted pushing for disparity study and new systems.
2. Do you have ideas for improving the city's contracting system and outreach to businesses?
  - Would like to have pre-approved form contracts, but difficult to do since they are small city,
  - Some examples challenges include would include:
    - Tracking and numbering needs to be included on all contracts;
    - Ensure that all contracts are signed, currently this does not happen;
    - Need better compliance for all contracts;
    - DBE businesses need to be clearly defined for federal and state consistency with laws;
    - Need more support for staffing, procurement is short staffed overall. This will help with better outreach so vendors can be proactive; and
    - Contract calendar has worked out great, however departments don't project 6 months or more out.

### Interview #2

1. How does the department find vendors for goods and services?
  - The City generally only uses general contractors in city of Harrisburg, typically finds them through word of mouth.
2. Are opportunities advertised?
  - The City holds events, at least once a year, to let public know about programs and opportunities for jobs for general contractors.
3. Does the department maintain a vendor or bidders list?
  - Yes, the department has a list of qualified contractors, must have SAM.gov clearance (not federally debarred or suspended), must include references on application, and must have correct level of insurance.
4. Does the department contract with minority, women, or locally owned businesses?

- The department currently has 10 minority and 2 women on approved list.
5. Do you have ideas for improving the city's contracting system?
- Need more advertisement with local news on availability of contracts and opportunities.
  - Add a flyer/advertisement on opportunities in everyone's water bill – "city of HBG is always looking for local, minority, women contactors" with information on how to engage.

### **Interview #3**

1. How does the department find vendors for goods and services?
- Some vendors have been long standing, prior to Steve, also put RFPs out, and occasional search for firms
2. Are opportunities advertised?
- Two RFP advertised, new phone system (previous vendor)
  - Opportunities through the REP system.
  - Sometime we find vendors via Costars.
3. Does the department maintain a vendor or bidders list?
- The department has about 38 vendors on our list, most are located in neighboring towns, but there are a few in Harrisburg. However, many are national.
4. Does the department contract with minority, women, or locally owned businesses?
- Not many since many of the vendors are bigger/national
5. Do you have ideas for improving the city's contracting system?
- In general, streamlining the entire process, making it easier, make it easy to evaluate vendors. No consistent way of doing it consistently across department.
  - Operating as efficiently as can, waiting for new system to launch.

### **Interview #4**

1. Walk me through the different methods the city uses to procure goods and services?
- First criteria we decided if the procurement above the \$21,900 threshold or not? There is no requirement to notify the public if it is under the threshold.
  - Operational expenses are mostly building maintenance and equipment, occasional uniforms, everything else is minimal.
  - Major IT purchases are infrequent, mostly on-going maintenance and service.

- Written quotes are primarily for entry into data system not because they are required. Under \$12,500, (1 written quote) Departments use recommendations from other departments, google search, may contact Hillary to see if know of any vendors who meet criteria.

2. How are opportunities advertised?

- Under \$21,900 threshold: No requirement to notify the public if under the threshold.
- Several considerations to public advertisements:
  - i. under the threshold
  - ii. sole source (avg 5 per year, typically for service/maintenance contracts)
  - iii. Is it multi-year contract?
  - iv. Which rule did they follow to qualify for the exemption rule?
  - v. Departments do not always apply the correct criteria, goes for legal review, can be overruled by leadership but rarely overturned.

3. What is your current involvement with the City's certification program? Specifically in the areas of:

- Procurement has no involvement in the MBE, WBE, DBE list posted on the city's website (2021), this list has been passed around to different departments, was with Business Development Director (there has been a lot of reorganization moving around of this position) now in the Mayor's Office.
- There is not a vetted list!
- There has been offers to consolidate the MWDBE list with her vendor registration list.
- There is no true directory! No goal development or contract goals set.
- Overall goal development needs to be considered.
- Setting specific contract goals
- The following should be considered for contract clause provision:
  - i. Prompt Payment
  - ii. Retainage
  - iii. Non-discrimination
  - iv. Sanctions/penalties

4. Are DBE/MBE/WBE requirements part of responsiveness or responsibility in procurement awards? Who makes the determination?

- Not at this time
5. Is a bidders list maintained?
- Departments with federal funding maintain pre-qualification lists (i.e., lead abatement certification)
    - i. If yes, what information is collected?
    - ii. Self-identification has been added to the vendor directory (yes/no question) sometimes they have a certification
    - iii. How often is it updated?
    - iv. Who has access to the list?
    - v. Hillary maintains this list from vendor registration
6. What business certifications would you like to see the city offer?
- Minority
  - Women
  - Disadvantaged
  - Local
  - Veterans
  - Disabled
7. What ideas do you have for improving the city's contracting opportunities for minority, women, and disadvantaged businesses?
- We need to do more marketing, training, and outreach.

*Additional notes:*

- Disparity study should confirm the availability and what is appropriate for Harrisburg to implement.
- Disparity study should determine what is the Appropriate basis for people to self-certify?
- Educates each vendor who calls regarding contracting opportunities on how the city does business.

**Interview #5**

1. How does the department find vendors for goods and services?
- Department equipment related – there are very narrow specialized needs



- Turnout gear, specification related – single manufacturer, one single vendor in Dauphin County
  - Look locally for other vendors: water, electric, sewer, building maintenance, try to use the MBE, WBE lists mayor office list (2021)
  - Also uses costars – looks for small, M/W business
2. Are opportunities advertised?
    - Call one-two vendors that they work with regularly. Electrical contractors (we have two on our list) both are both minority
    - In other cases, call multiple vendors even if under the threshold to get best price.
    - Feel as though there is a good pool of quality contractors.
  3. Does the department maintain a vendor or bidders list?
    - Informal list is kept.
  4. Does the department contract with minority, women, or locally owned businesses?
    - A few if they meet need, none are available for specialized equipment.
  5. Do you have ideas for improving the city's contracting system?
    - Not sure there is anything that can be improved, typically uses previously vendor, sometimes talks to other departments for recommendations, or use google search. No requirement to notify the public is under the threshold.
    - Improve the M/W/DBE list, needs to be kept up to date, track utilization, find a way for businesses to be recognized or get credit for being minority or women owned.

*Additional notes:*

- Tries to contact with 1) city, 2) Dauphin 3) in the region
- City is less siloed than it used to be, more information sharing across departments.

**Interview #6**

1. How does the department find vendors for goods and services?
  - Services: use the city's list primarily to find company who can provided services needed.
  - Very frustrating to find contractors, may or may not get a written quote from contractors even if they express interest
  - Currently can't get a quote for a \$500,000 job.
2. Are opportunities advertised?
  - Depends on the job, have in-house staff try to do as much as can with them.

3. Does the department maintain a vendor or bidders list?
  - Yes, for regularly needed goods or services, either skill or time, have a list of businesses.
  - There is no list of contractors for niche projects, these are the projects most difficult to find qualified contractor for.
4. Does the department contract with minority, women, or locally owned businesses?
  - Yes, have a good group they can rely for some services such as portable toilets – had a woman-owned firm that was successful bidder for years, went through central purchasing and the woman-owned business was outbid by a few dollars.
  - Limited options when pulling names off the city list, contacts tend to bid a bit higher, lest cost effective.
5. Do you have ideas for improving the city's contracting system?
  - Get rid of restrictive parameters in which departments are required to do things, procurement policies are too vast yet limiting
  - Doesn't have any idea of what the new unified contracting system entails so can't provide any ideas or input on improving it
  - Issues is getting through legal in a timely manner, doubts this system is going speed up legal process. Department and procurement contracting processes are efficient and quick, only once it gets to legal that finalizing contract takes a long time.
  - Many newer people at the city who don't yet understand how the city processes work.

## **Interview #7**

1. How does the department find vendors for goods and services?
  - Have to be a city approved contractor. State certified contractors, three small companies currently working with, all local and all minority. Money available in grant to train their workers (reimbursement), companies have difficulty finding qualified employees. Sam.gov, not debarred or suspended, insurance requirements are the major requirements.
  - Meet the Section 3 requirements – income based.
  - Have a risk assessor – grant-wide contract, women owned.
  - HUD grades them quarterly on how many units abated, how much money spent. 18 months left on current grant.
2. Are opportunities advertised?
  - No, uses a pre-qualified list.

3. Does the department maintain a vendor or bidders list?
  - Yes, have to be pre-approved.
4. Does the department contract with minority, women, or locally owned businesses?
  - Yes, 3 minority and 1 woman owned firms
  - Most jobs are for 1-2 weeks. Have limits on how much can be spent per unit, up to \$25,000 per unit without HUD special permission. Limit on purchase order of \$21,900. Anything over would have to be put to public bid.
5. Do you have ideas for improving the city's contracting system?
  - How to follow the law and guidelines but must get units done quickly so that bidding would not hamper grant requirement and meeting targets. Needs to be efficient process.
  - Explore IDIQ with Procurement Director.

#### **Interview #8**

1. What programs and/or outreach does your office offer for minority, women, and locally owned businesses?
  - Outreach include working with SBDC, SBA, Temple & Harrisburg Universities: workshops/sessions on credit, how to start a business, startup funding, business plan, starting a business and growing a business, working with GSA, as well as marketing and branding,
  - Also works with the City's tax abatement program (10-year abatement).
2. How do departments find vendors for goods and services?
  - Varies by the department
3. Are opportunities (under \$21,900) advertised?
  - Use a list but also do look externally
4. Do departments maintain vendor or bidders' lists? Are minority and women owned businesses included?
  - Housing has a list that includes minority and women.
5. How frequently do departments contract with minority, women, or locally owned businesses?
  - Some vendors stay on list because the quality of work is good regardless of race or gender
6. Do you have ideas for improving the city's contracting system and outreach to businesses?

- Writing a comprehensive plan for economic development to improve the quality of life in Harrisburg (lots of empty lots, need re-zoning for more mixed used lots)
- Open line of communication with the community and neighborhood, and be informed of what resources they need.
- Have to have better technical assistance to provide small and local business support to be successful, so they can provide goods and services to residents and neighborhoods.
- Tie it to history and culture of the city and the neighborhoods
- Better knowledge of where the services and resources are being provided by small and local businesses to residents, not just about housing.
- Not a fan of self-certification, should be some paperwork and encouragement/assistance get them certified.

#### **Interview #9**

- Transparency internally, has been speaking about this at cabinet meetings. Wants to see the silos torn down, city needs to rewrite procurement procedures for more transparency and accountability.
- Not a fan of Costars, doesn't take into account the needs of minority business (unintended barrier), unfortunately not as heavily used in Harrisburg.
- Likes the idea of simple city certification and tracking businesses who "self-certify" but are not certified.
- Would like to see at least 50% of all public resources going to City-based minority and women owned business.
- Need to be welcoming to businesses, need better turn around on payment, need to rebuild trust with businesses (after Act 47), how are opportunities being used to leverage participation
- Need to change mind-set in each department, to engage the community that you serve, City needs to do this in a unified manner (get their house in order)
- RFPs that require minimum participation, need central collection of data, even though thresholds are low, need to capture participation at the lower threshold. Data needs to be legally defensible and with fidelity.
- Make payment 10 days on invoices

#### **Interview #10**

1. How does the department find vendors for goods and services?

- Requisition over \$3,500, just amended to include MWDBEs, just waiting for city council to approved, in affect before October 1.
  - Working with departments for under \$3,500 threshold with equity officer and mayor's office.
  - 40% at least of spend is under \$3,500.
  - Will not be able to reach stockholder and non-profit sector.
2. Are opportunities advertised?
- Not that many unless over \$3,500.
  - 12% of purchases are emergency purchases.
  - Oversight act 47 and PA IGCB – can't borrow.
3. Does the department maintain a vendor or bidders list?
- Yes, especially if under \$3,500, very decentralized need to boost small business participation.
4. Does the department contract with minority, women, or locally owned businesses?
- N/A
5. Do you have ideas for improving the city's contracting system?
- Need to do a better job of getting word out.
  - New system going live in January.
  - Have the administrative leadership at the moment to promote recommendations, we need to take advantage.

## About the ESI Team

### 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.

### 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.

### About Winston Terrell Group

Winston/Terrell is a minority-owned government relations, community affairs and public outreach firm. We specialize in expanding the business opportunities afforded diverse suppliers. The firm is coordinating supplier diversity programs for capital projects totaling \$811M and has been recognized for its commitment to expanding the utilization of diverse suppliers. Winston/Terrell has been part of teams that completed disparity studies in Illinois, Indiana, Maryland and Pennsylvania.



1435 WALNUT STREET, 4<sup>TH</sup> FLOOR, PHILADELPHIA,  
PA 19102