

Update on Strategies to Increase State Utilization of Minority, Women and Veteran Owned Businesses

Presentation to the Small Business Liaison Team

May 25, 2017

Why does supplier diversity matter?



- We have a responsibility when spending public dollars to identify and eliminate barriers to equitable opportunity.
- Common barriers for small minority, woman and veteran owned businesses
 - Access to capital (startup, buffer losses, opportunities, growth, bonding, retainage).
 - Access to markets.
 - Navigating government contracts and procurements.
 - Administrative side of running a small business (examples: required licenses/permits, pros and cons of different business structures, bidding/estimating).

Why does supplier diversity matter?



- Good for economy. Small businesses reinvest in community and create jobs.
- Drives innovation.

Goal: By 2017, increase state agency and educational institution utilization of state-certified small businesses to:

- 10% minority owned business
- 6% woman owned business
- 5% veteran owned business

Certification

Law that formed OMWBE in 1983 (RCW 39.19.010):

The legislature finds that minority and women owned businesses are significantly under represented and have been denied equitable competitive opportunities in contracting.

It is the intent of this chapter to mitigate societal discrimination and other factors in participating in public works and providing good and services.

Certification

OMWBE certifies:

- Business is small according to SBA size standards.
- Business is owned and controlled by a person who is socially and economically disadvantaged.

Department of Veteran's Affairs certifies:

- Business is owned by a veteran or service member.

Current state

FY 2016 dollars spent with certified firms as % of all eligible spending

	State Agencies	Educational Institutions	Combined
Minority-Owned Certified Businesses	2.45%	0.74%	1.65%
Women-Owned Certified Businesses	1.97%	0.38%	1.23%
Total OMWBE certified	4.42%	1.12%	2.89%
Veteran-Owned Certified Businesses	0.26%	don't collect	0.26%
Total Dollars	\$141.8 M	\$28.1 M	\$169.9 M

Current state

What if goals were met?



Minority, woman and veteran owned small businesses would have received an additional **\$707.4 M** in FY 16.

Why aren't we meeting goals?

Firms don't see benefit in being certified.

Doing business with government complicated.

Agencies don't know what strategies to use.

Certification process is too long and complicated.

Historical barriers, such as access to capital.

Agencies have competing priorities.

Not enough certified firms.

Restrictions of RCW 49.60.400 (1-200)

Business Diversity Subcabinet



- Formed in July 2015.
- Tasked with developing a statewide strategy to increase small and diverse business participation in Washington State contracting and procurement.
- Consists of 12 cabinet agencies and coordinates with stakeholders.
- Five areas of focus.

Business Diversity Subcabinet



Dept. of Transportation
Dept. of Social and Health Services
Health Care Authority
Dept. of Enterprise Services
Dept. of Corrections
Dept. of Labor & Industries



Represent more than 2/3
of state spending

Dept. of Veteran Affairs



Community of practice

Office of Minority & Women's Enterprises
Commission on African American Affairs
Commission on Asian Pacific American Affairs
Commission on Hispanic Affairs



Community
transparency, reporting
and communication

Attorney General's Office



Single source legal counsel

Governor's Office representative(s)

Business Diversity Subcabinet

1. Disparity study

- Study of whether minority, woman and veteran owned business have equal access to contracting opportunities.
- Contract managed by DES.
- Involves 33 state agencies.
- Estimate completed early 2019.



2. Measurement Framework

- Currently rely on one measure (percentage of agency spend with certified firms).
- Create suite of measures to provide dashboard for accountability and improving results.
- Increase use and reliability of data.



Business Diversity Subcabinet

3. Improved OMWBE Certification

- Eliminate any unnecessary barriers.
 - Rule changes taking effect May 2017.
 - Lean event in summer.
 - Ongoing regulatory improvement.
- Improve timeframes.
 - Down significantly from 2016.
 - Continued effort.
- Online applications - October 2017.



4. Community of Practice

- Embed broad understanding of equity, diversity and inclusion throughout community of procurement professionals.
- Develop tools, guides and best practices.



5. Technical Assistance

- Customize an information, assistance and outreach system to needs of small minority, woman and veteran owned businesses.
- Support:
 - ▶ Persons available to help customers navigate and identify right questions.
 - ▶ Explore “power user” concept in agencies, jurisdictions and nonprofits that assist/wish to assist small businesses.
- Feedback loop for quality control, service delivery and process improvement.



Questions?

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