



FY 2016

Annual Report

Mission

We promote equity and increase participation in public contracting and procurement for small businesses owned by minorities, women and disadvantaged persons through education and certification.

I am pleased to provide this annual report on the Office of Minority and Women's Business Enterprises (OMWBE) progress implementing its statutory charge. This report to the Governor and the Legislature is provided in accordance with [RCW 39.19.030](#).

[Chapter 39.19 RCW](#) charges the OMWBE to implement programs for small minority- and women-owned businesses to participate in state and federal public works and procurement.

The agency:

- Certifies small businesses owned by minorities, women and other socially and economically disadvantaged persons.
- Provides education and outreach.
- Reports the amount of money each state agency and college spends with certified businesses in contracts and procurement.
- Collect and publish agency and college supplier diversity plans.
- Helps agencies and colleges increase participation of certified businesses in contracts and procurement and publishes their supplier diversity plans.

The OMWBE has 20 staff and a biennial budget of \$4.4 million. The agency has an [Advisory Committee](#) that includes leaders who represent the interests of minority and women small business owners throughout the state.

Please contact me if you have any questions.

Respectfully,

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Our Mission

We promote equity and increase participation in public contracting and procurement for small businesses owned by minorities, women and disadvantaged persons through education and certification.

Our Vision

Creating an environment where small businesses owned by minorities, women and disadvantaged persons have equal opportunity to participate in public contracting and procurement.

Our Values

We are committed to promoting equity in public contracting and procurement for businesses owned by minorities, women and disadvantaged persons.

We are friendly and helpful—every time.

We communicate respectfully and openly.

We build great teams with the right skills, attitudes and work ethic to achieve our goals.

Our Goals

- Increase customer satisfaction from 85% to 90% by September 1, 2017.
- Increase employee engagement from 85% to 90% by September 1, 2017.
- Decrease certification time to 45 days for state applications and 90 days for federal by September 1, 2017.

OMWBE CERTIFICATION

The OMWBE is the sole certifying agency for small businesses owned and controlled by minority, women, and socially and economically disadvantaged persons in Washington State.

- State Program – State agencies and educational institutions can count money spent with firms certified by the OMWBE toward supplier diversity goals. Some local governments and private companies also use OMWBE certified firms for their goals.
- Federal Program - Agencies that receive funds from the United States Department of Transportation are required to set and meet supplier diversity goals. Dollars spent with OMWBE certified firms are counted towards these goals.

As of February 2016, 2,452 businesses were certified with the OMWBE. This is a 6 percent increase over 2015.

State certifications		Federal certifications	
Minority-owned businesses	821	Disadvantaged Business Enterprises	754
Woman-owned businesses	1,006	Small Business Enterprises	34
Minority woman-owned businesses	377	Airport Concessionaires	68
Combination businesses enterprises (owned by a minority male and a female)	26		
Socially and economically disadvantaged businesses	4		
Total	2,234	Total	856

Note: Some firms have both state and federal certification.

STATE AGENCY AND COLLEGE SPEND WITH CERTIFIED FIRMS

State law requires the OMWBE to report the amount of money each state agency and colleges spends in contracts and procurements with certified minority- and women-owned businesses. The OMWBE posts this information on its [web site](#).

Governor Inslee’s strategic framework, Results Washington, includes a 2017 goal to increase state agency and educational institution utilization of certified small businesses in contracts and procurement to the following percentages:

- Minority-owned businesses: 10% Women-owned businesses: 6%

	FY 2016 dollars spent with certified firms as % of all eligible spending ^[1]		
	State Agencies	Colleges	Combined
Minority-Owned Certified Businesses ^[2]	2.45%	0.74%	1.65%
Women-Owned Certified Businesses	1.97%	0.38%	1.23%
Total	4.42%	1.12%	2.89%
Total Dollars	\$127,552,071	\$28,088,393	\$155,640,464

^[1] This link contains a list of objects and subjects that make up the total eligible spend.

^[2] Includes businesses owned by a minority woman and by a minority male and a female.

STATE AGENCY SUPPLIER DIVERSITY PLANS

State law requires agencies to adopt plans to increase the participation of certified minority- and women-owned businesses. The OMWBE posts these plans on its [website](#). For FY 2016, all agencies submitted plans.

OUTREACH AND EDUCATION

The OMWBE conducts outreach about the qualifications for certification and its benefits, and about available resources for small businesses.

The agency's web site includes bid opportunities, announcements and information on resources. The OMWBE also uses email blasts to certified firms and social media to provide news, information and notice of bid opportunities.

Agencies, colleges, local governments and prime contractors use the OMWBE's [online directory](#) to find certified firms with business descriptions that match the goods and services they want to purchase.

The OMWBE also conducts targeted outreach to match public entities' and prime contractors purchasing or contracting needs with certified firms.

LINKED DEPOSIT PROGRAM

Businesses certified by the OMWBE and veteran-owned firms certified by the Department of Veteran's Affairs are eligible to participate in the state's Linked Deposit program. The program allows a certified business to receive an interest rate reduction on business loans from participating lenders.

The Office of the State Treasurer is authorized to use up to \$190 million of the state's short-term surplus funds to purchase certificates of deposit (CDs) in an amount equivalent to the amount financial institutions loan to certified businesses. Up to \$175 million is for loans for certified minority- and woman-owned businesses, and up to \$15 million is for veteran-owned businesses.

Two percent of the interest earned on the CDs is used to reduce the interest rate that would otherwise be charged to a certified business. If the interest rate returns earned by the state on the CDs fall below two percent, banks can reduce the interest rate for certified firms by an equivalent amount.

As of February 2016, 471 certified firms held \$149.7 million of Linked Deposit loans that are in repayment or have available lines of credit.

BUSINESS DIVERSITY SUBCABINET

In July 2015, Governor Inslee formed a [Business Diversity Subcabinet](#) tasked with developing a statewide strategy to increase small and diverse business participation in Washington State contracting and procurement. The Subcabinet consists of 12 cabinet agencies and coordinates with stakeholders. OMWBE is a member of the Subcabinet.

The Subcabinet's action plan focuses on the following areas:

- Establishing a “community of practice” among state agencies to adopt and share procurement tools and processes that work and improve communication and assistance to small minority-, women- and veteran-owned businesses.
- Selecting a suite of measures to provide the best dashboard for accountability and improving results. Improving the data used to inform these results.
- Clarifying and improving legal and policy frameworks.
- Conducting a statewide disparity study. A disparity study is an analysis of the number of individuals or groups available to participate in state contracts and procurement, and those who actually get selected. The disparity study will provide a factual foundation to help ensure all state agencies are using procurement policies and processes that result in fair and equitable outcomes.

STRATEGIES FOR FY 2017

In order to meet our goals, the OMWBE is focusing on the following strategies in FY 2017:

- Review certification processes to eliminate any unnecessary barriers to small business and improve certification timelines.
- Implement technology to allow customers to apply for certification online.
- Conduct targeted outreach to match public entities' purchasing needs with certified firms.
- Increase outreach to Central and Eastern Washington.
- Increase usability of forms, publications and web site.
- Use the outcomes of the Subcabinet's work to inform agency opportunities, goals, strategies and work plans.

FY 16 Key Accomplishments

Strong customer satisfaction: Our certification customer satisfaction rate is 87%.

Improved employee engagement: We increased significantly in all areas over 2016.

Improved processes: Streamlined the process for federally-certified firms to add state certification. The new “short form” went from 19 to 3 pages.

Increased awareness of supplier diversity: We helped increase awareness of supplier diversity and best practices. 100% of agencies submitted supplier diversity plans for FY 2017.